

A STUDY ON FINANCIAL PERFORMANCE OF TROPICAL AGROSYSTEM INDIA PVT. LTD.

Submitted in partial fulfillment of the requirements for the award of Degree in

MASTER OF BUSINESS ADMINISTRATION

by

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**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**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **SARULATHA N 41410278** who carried out the project entitled "**A STUDY ON FINANCIAL PERFORMANCE OF TROPICAL AGROSYSTEM INDIA PVT. LTD.**" under my supervision from January 2022 to March 2022.

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Submitted for Viva voice Examination held on **06.05.2023**_____

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DECLARATION

I **SARULATHA N (41410278)** hereby declare that the Project Report entitled “**A study on financial performance of Tropical Agrosystem India pvt. Ltd.**” done by me under the guidance of **Dr. R Blessie Pathmu** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
	ABSTRACT	(i)
	LIST OF TABLES	(iii)
	LIST OF CHARTS	(iv)
	INTRODUCTION	
1	1.1 Introduction	1
	1.2 Industry Profile	5
	1.3 Company Profile	6
	1.4 Need of the Study	7
	1.5 Scope of the study	8
	1.6 Objective of the study	8
	1.7 Limitations of the study	8
2	REVIEW OF LITERATURE	
	2.1 Review of Literature	9
3	RESEARCH METHODOLOGY	
	3.1 Methodology	21
	3.2 Research Design	22
	3.3 Methods of data collection	23
	3.4 Period of Study	24
	3.5 Tools used for analysis	24
4	DATA ANALYSIS AND INTERPRETATION	
	4.1 Ratio analysis	33
	4.2 Cash flow analysis	43
	4.3 Comparative balance sheet	45
	FINDINGS, SUGGESTIONS AND CONCLUSION	
	5.1 Findings of the Study	50
	5.2 Suggestions & Recommendations	53
	5.3 Conclusion	55
	REFERENCES	57
	ANNEXURE I – BALANCE SHEET	59
	ANNEXURE II – RESEARCH ARTICLE	66

ABSTRACT

"A Study on Financial Performance of Tropical Agrosystem India Pvt. Ltd." aims to evaluate the financial performance of Tropical Agrosystem India Pvt. Ltd. over the period of 2017-2022. The study utilizes financial ratios, such as liquidity, solvency, profitability, and efficiency ratios, to assess the company's financial health and performance. The research methodology employed for this study is based on a descriptive research design and a quantitative approach. Data for the study is collected from company's annual reports and financial statements, which are analysed using statistical tools such as Cash flow analysis, comparative balance sheet analysis and trend analysis.

The findings of the study indicate that company has maintained a stable financial position during the study period, with an overall positive trend in profitability and efficiency ratios. The liquidity and solvency ratios also indicate that the company has a strong financial position and can meet its short-term and long-term obligations. Based on the findings, the study concludes that the company is a financially sound company that has managed to maintain a stable financial position and improve its performance over the years. The study also recommends that Tropical Agrosystem continue to focus on improving its profitability and efficiency ratios, while maintaining its strong liquidity and solvency position.

LIST OF TABLES

TABLE NO	TITLE	PAGE NO.
4.1	Table representing current ratio for the year 2018-2022	33
4.2	Table representing quick ratio for the year 2018-2022	34
4.3	Table representing absolute liquidity ratio for the year 2018-2022	35
4.4	Table representing debt equity ratio for the year 2018-2022	36
4.5	Table representing debt-to-asset ratio for the year 2018-2022	37
4.6	Table representing gross profit ratio for the year 2018-2022	38
4.7	Table representing net profit ratio for the year 2018-2022	39
4.8	Table representing return on assets ratio for the year 2018-2022	40
4.9	Table representing return on capital employed ratio for the year 2018-2022	41
4.10	Table representing fixed asset turnover ratio for the year 2018-2022	42
4.11	Table showing cash flow analysis for the year 2018-2022	43
4.12	Table representing comparative balance sheet for the year 2017 and 2018	45
4.13	Table representing comparative balance sheet for the year 2018 and 2019	46
4.14	Table representing comparative balance sheet for the year 2019 and 2020	47
4.15	Table representing comparative balance sheet for the year 2020 and 2021	48
4.16	Table representing comparative balance sheet for the year 2021 and 2022	49

LIST OF CHARTS

Chart NO	TITLE	PAGE NO.
4.11	Chart representing current ratio for the year 2018-2022	33
4.12	Chart representing quick ratio for the year 2018-2022	34
4.13	Chart representing absolute liquidity ratio for the year 2018-2022	35
4.14	Chart representing debt equity ratio for the year 2018-2022	36
4.15	Chart representing debt-to-asset ratio for the year 2018-2022	37
4.16	Chart representing gross profit ratio for the year 2018-2022	38
4.17	Chart representing net profit ratio for the year 2018-2022	39
4.18	Chart representing return on assets ratio for the year 2018-2022	40
4.19	Chart representing return on capital employed ratio for 2018-2022	41
4.10	Chart representing fixed asset turnover ratio for year 2018-2022	42
4.111	Chart showing cash flow analysis for the year 2018-2022	43
4.121	Chart representing comparative balance sheet for the year 2017 and 2018	45
4.131	Chart representing comparative balance sheet for the year 2018 and 2019	46
4.141	Chart representing comparative balance sheet for the year 2019 and 2020	47
4.151	Chart representing comparative balance sheet for the year 2020 and 2021	48
4.161	Chart representing comparative balance sheet for the year 2021 and 2022	49



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10.04.2023

TO WHOMSOEVER IT MAY CONCERN

SUB: MBA project completion letter

We hereby confirm that the below student who is currently pursuing second year MBA in Sathyabama Institute of Science and Technology, Chennai has successfully completed her final year project in our concern titled "A Study on Financial Performance Analysis of Tropical Agrosystem India private Limited".

Name: Sarulatha N

Reg no: 41410278

Best regards,
For TROPICAL AGROSYSTEM (INDIA) PVT LTD
Authorised Signatory

Anitha M.B.
Senior Manager – HR Department

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Financial statements provide business owners with the basic tools for determining how well their operations perform at all times. Many entrepreneurs or small business owners do not realize that financial statements have a value that goes beyond their use as supporting documents to loan applications and tax returns. These statements are concise reports designed to summarize financial activities for specific periods. Owners and managers can use financial statement analysis to evaluate the past and current financial condition of their business, diagnose any existing financial problems, and forecast future trends in the firm's financial position. Evaluation pinpoints, in financial terms, where the firm has been and where it is today. Diagnosis determines the causes of the financial problems that statement analysis uncovers and suggests solutions for them.

Forecasts are valuable in statement analysis for two reasons:

You can prepare forecasts that assume that the basic financial facts about a company will remain the same for a specified period in the future. These forecasts will illustrate where you're likely to stand if the status quo is maintained. Or you can gain insights into the impact of certain business decisions by calculating the answers to "what if" questions. When you test the consequences of changes you are contemplating, or that may occur because of changing market conditions or customer tastes, for example, you achieve a greater understanding about the financial interrelationships at work in a business. The two key reports for all sizes and categories of business are the Balance Sheet and the Income Statement. The Balance Sheet is an itemized statement that lists the total assets and the total liabilities of a business and gives its net worth on a certain date (such as the end of a month, quarter, or year). The Income Statement records revenue versus expenses for a given period.

Regular preparation and analysis of financial statement information helps business managers and owners detect the problems that experts continue to see as the chief causes of small business failure -- such as high, operating expenses,

sluggish sales, poor cash management, excessive fixed assets, and inventory mismanagement. By comparing statements from different periods, you can more easily spot trends and make necessary management decisions and budget revisions before small problems become large ones.

This Resource Guide is intended to provide you with a basic understanding of the components and purposes of financial statements. The Balance Sheet and Income Statement formats are designed as general models and are not complete for every business operation. Computation of income for financial accounting purposes is done according to the rules of Generally Accepted Accounting Principles (known as GAAP). Be aware that income and losses computed using GAAP rules will not necessarily be the same as those calculated to comply with the Internal Revenue Code.

The process of critical evaluation of the financial information contained in the financial statements to understand and make decisions regarding the operations of the firm is called 'Financial Statement Analysis'. It is basically a study of relationship among various financial facts and figures as given in a set of financial statements, and the interpretation thereof to gain an insight into the profitability and operational efficiency of the firm to assess its financial health and prospects. The term 'financial analyses include both 'analysis and interpretation'. The term analysis means simplification of financial data by methodical classification given in the financial statements. Interpretation means explaining the meaning and significance of the data. These two are complimentary to each other. Analysis is useless without interpretation, and interpretation without analysis is difficult or even impossible.

Significance of Analysis of Financial Statements:

Financial analysis is the process of identifying the financial performance of the firm by properly establishing relationships between the various items of the balance sheet and the statement of profit and loss. Financial analysis can be undertaken by management of the firm, or by parties outside the firm, viz., owners, trade creditors, lenders, investors, labour unions, analysts, and others. The nature of analysis will differ depending on the purpose of the analyst. A technique frequently used by an analyst need not necessarily serve the purpose of other analysts

because of the difference in the interests of the analysts. Financial analysis is useful and significant to different users in the following ways:

(a) **Finance manager:** Financial analysis focusses on the facts and relationships related to managerial performance, corporate efficiency, financial performance and creditworthiness of the company. A finance manager must be well-equipped with the different tools of analysis to make rational decisions for the firm. The tools for analysis help in studying accounting data to determine the continuity of the operating policies, investment value of the business, credit ratings and testing the efficiency of operations. The techniques are equally important in the area of financial control, enabling the finance manager to make constant reviews of the actual financial operations of the firm to analyse the causes of major deviations, which may help in corrective action wherever indicated.

(b) **Top management:** The importance of financial analysis is not limited to the finance manager alone. It has a broad scope which includes top management in general and other functional managers. Management of the firm would be interested in every aspect of the financial analysis. It is their overall responsibility to see that the resources of the firm are used most efficiently, and that the firm's financial condition is sound. Financial analysis helps the management in measuring the success of the company's operations, appraising the individual's performance, and evaluating the system of internal control.

(c) **Trade payables:** Trade payables, through an analysis of financial statements, appraise not only the ability of the company to meet its short-term obligations, but also judge the probability of its continued ability to meet all its financial obligations in future. Trade payables are particularly interested in the firm's ability to meet their claims over a very short period. Their analysis will, therefore, evaluate the firm's liquidity position.

(d) **Lenders:** Suppliers of long-term debt are concerned with the firm's long-term solvency and survival. They analyse the firm's profitability over a period, its ability to generate cash, to be able to pay interest and repay the principal and the relationship between various sources of funds (capital structure relationships).

Long- term lenders analyse the historical financial statements to assess its future solvency and profitability.

(e) **Investors:** who have invested their money in the firm's shares, are interested about the firm's earnings. As such, they concentrate on the analysis of the firm's present and future profitability. They are also interested in the firm's capital structure to ascertain its influences on firm's earning and risk. They also evaluate the efficiency of the management and determine whether a change is needed or not. However, in some large companies, the shareholders' interest is limited to decide whether to buy, sell or hold the shares.

(f) **Labour unions:** Labour unions analyse the financial statements to assess whether it can presently afford a wage increase and whether it can absorb a wage increase through increased productivity or by raising the prices.

(g) **Others: The economists, researchers, etc.,** analyse the financial statements to study the present business and economic conditions. The government agencies need it for price regulations, taxation and other similar purposes.

Objectives of Analysis of Financial Statements

Analysis of financial statements reveals important facts concerning managerial performance and the efficiency of the firm. Broadly speaking, the objectives of the analysis are to apprehend the information contained in financial statements with a view to know the weaknesses and strengths of the firm and to make a forecast about the prospects of the firm thereby, enabling the analysts to take decisions regarding the operation of, and further investment in the firm. To be more specific, the analysis is undertaken to serve the following purposes (objectives):

- To assess the current profitability and operational efficiency of the firm as well as its different departments so as to judge the financial health of the firm.
- To ascertain the relative importance of different components of the financial position of the firm.

- To identify the reasons for change in the profitability/financial position of the firm.
- To judge the ability of the firm to repay its debt and assessing the term as well as the long-term liquidity position of the firm.

1.2 INDUSTRY PROFILE

The India agrochemicals market size reached a value of almost USD 6 billion in the year 2022. The market is further expected to grow at a CAGR of 8.5% between 2023 and 2028 to reach a value of almost USD 9.82 billion by 2028.

The India agrochemicals market is a significant region, contributing to the growth of the Asia Pacific agrochemicals market. The Asia Pacific region is growing at the fastest rate on a global basis due to the enormous consumption of pesticides and fertilizers for farming activities. This is a result of adopting modern and advanced farming practices in the region.

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This is a result of adopting modern and advanced farming practices in the region. The Asia Pacific region gives domestic as well as international companies a place to grow within the region. After the revival of the economy and the stabilization of regional currency rates, the farmers are now focusing on investing in these crop-protecting and growth-boosting chemicals. India, along with China and Japan, exhibits the largest agrochemical markets of the Asia Pacific region. At present, China is dominating the market with its developing agricultural sector, in confluence with the need for its growing population. Globally, the country is the largest producer as well as the largest consumer of fertilizers.

1.3 COMPANY PROFILE:

Tropical AgroSystem (India) Private Limited is a non-govt. company, incorporated on 01 Dec, 1969. It's a private unlisted company and is classified as company limited by shares. Company's authorized capital stands at Rs 200.0 lakhs and has 74.225006% paid-up capital which is Rs 148.45 lakhs.

Tropical Agro-system (India) Pvt. Ltd., is one of the lead players in the Indian crop and pest management industry. The company belongs to the well-known Jhaver Group for whom every business vision is a business reality. With its high-tech manufacturing facilities (5 facilities across the country), professional and well-knit marketing organization (over 500 agricultural professionals and more than 8000 channel partners), renowned product portfolio, and several new products in the pipeline, the company is fully poised for ushering in the new age in Seeds, Crop Nutrition protection and Pest management in India.

Tropical Agrosystem has several strategic marketing tie-ups with leading multinationals and Indian companies, including toll manufacturing arrangements and supply chain collaborations for supplying technical and bulk grades of pesticides. The company has one of the largest arrays of pesticide product registrations under one roof (more than 200 registrations approved by the Central Insecticides Board of the Govt. of India). It is one of the lead players in crop nutrition and biological pest management in India.

Tropical Agrosystem India Private Limited is an agricultural company based in India. The company is primarily focused on sustainable agriculture practices and works towards providing innovative solutions for farmers. They specialize in the production and distribution of high-quality organic farming inputs and solutions for pest management, soil health management, and crop management.

Tropical Agrosystem India Private Limited offers a range of organic products and solutions that help farmers increase their yield and improve the quality of their crops. The company's products are designed to enhance soil fertility, improve

plant growth, and provide protection against pests and diseases. Their range of products includes organic fertilizers, biopesticides, and bio-stimulants.

The company is committed to promoting sustainable agriculture practices that protect the environment and conserve natural resources. They work closely with farmers to understand their needs and provide them with the right solutions to enhance their productivity. They also provide training and support to farmers on the use of their products and help them adopt best practices in farming.

Tropical Agrosystem India Private Limited has a strong research and development team that continuously works on developing new and innovative products. They invest heavily in research to ensure that their products are effective and safe for use. The company also collaborates with leading research institutions and universities to develop new solutions for farmers.

In addition to their focus on sustainable agriculture, Tropical Agrosystem India Private Limited is committed to social responsibility. They work towards empowering rural communities by creating job opportunities and promoting entrepreneurship. They also support initiatives that promote education and healthcare in rural areas.

Overall, Tropical Agrosystem India Private Limited is a company that is committed to sustainable agriculture practices and works towards providing innovative solutions to farmers. They are a socially responsible company that is focused on empowering rural communities and promoting sustainable development.

1.4 NEED FOR THE STUDY

- Financial analysis helps in evaluating the financial performance of the company over time in comparison with its past performance.

- Financial performance analysis provides valuable information to investors, creditors, and management to make informed decisions about investing, lending, or managing the company.

- Financial analysis can detect early warning signals of potential financial problems, such as declining liquidity or solvency.

- Financial ratios enable a trend analysis of a company's financial performance, allowing users to identify trends in key financial indicators and make informed decisions accordingly.

1.5 SCOPE OF THE STUDY

The study will be carried out at Tropical Agrosystem India private limited to analyze the financial performance over the past 5 years. The study aims to analyze the profitability, liquidity, solvency position and the efficiency with which it covers the resources into sale. The study will also find out the trend of the financial performance of the company during the period.

1.6 OBJECTIVE OF THE STUDY:

PRIMARY OBJECTIVES:

- To evaluate the financial health of the company by scrutinizing past and current financial statements.
- To measure the operating results of the enterprises.

SECONDARY OBJECTIVES:

- To predict a company's future performance based on past performance.
- To facilitate control over the operation as well as resources of the business.

1.7 LIMITATIONS OF THE STUDY:

- The study has been based on secondary data, so the current trend cannot be analyzed.
- The data might not be accurate.
- The study has been based on the analysis made for only specified period.
- This study is only based on the study conducted in manufacturing sector.
- It might not be applicable to other sectors.

CHAPTER 2

REVIEW OF LITERATURE

Ferrer Serra, Félix (2022): The subject Financial Statement Analysis, located in the Degree of ADE for entrepreneurs, third year, second semester, intends that the student who has completed the first course in the subject Financial Accounting and in which has learned, among other aspects, to prepare the Financial Statements of a company, complete the knowledge of the accounting cycle with five additional skills: First, preparing the student to be able to extract and communicate to users, both internal and external, the information contained in Financial Statements, so that they can make decisions of economic nature (invest or not to invest, expand the business or not, extend credit or not, finance through debt or through the contribution of funds by owners, whether the company is in financial balance; etc.). Secondly, training the student to apply the tools of analysis acquired to the Annual Statements or Financial Statements of a company, being able to judge the economic and financial situation and trying to give solutions to possible imbalance situations. Third, in the development of its activity, the company generates receivables in its favor, which later transform into money by charging thereof; but also, it incurs in debts and payment obligations to be met by the application of the previous money.

Xiao-Jun Zhang (2022): This paper yields a summary score that informs about the sustainability (or persistence) of earnings and about the trailing P/E ratio. The score is delivered from a model that identifies unsustainable earnings from the financial statements by exploiting accounting relations that require that unsustainable earnings leave a trail in the accounts. The paper also builds a P/E model that recognizes that investors buy future earnings, so should pay less for current earnings if those earnings cannot be sustained in the future. In out-of-sample prediction tests, the analysis reliably identifies unsustainable earnings, and also explains cross-sectional differences in P/E ratios. The paper also finds that stock returns are predictable when traded P/E ratios differ from those indicated by our P/E model.

Juna Utile, Markku maula, Thomas Keil, shaker A Zahra (2022): the literature suggests that established firms need to balance their exploration and exploration activities in order to achieve superior performance, previous empirical research has modelled this balance, weshow that there is a trade-off between exploration and exploitation and that the optimal balance. Using a novel methodology to measure the relative exploration versus exploitation orientation, we find an inverted U- shaped relationship between the relative share of explorative orientation and financial performance

Noel capon, John U Farley, Scott Hoening(2022): a meta-analysis of results from 320 published studies relates environmental, strategic and organizational factor to financial performance, have been studied factors widely studied factors have few consistent effects. We suggest implications for research and management practice.

Dan R Dalton, Catherine M Daily, Jonathan L Johnson, Alan E Ell strand (2022): although a host of theory –driven rationales suggest a relationship between board of directors' size and firm performance, the literature provides no consensus about the direction of that relationship. A meta-analysis of 131 samples provided systematic evidence of nonzero, positive, true population estimate of board size-performance relationship.

Peter Pile, Joseph c parade (2022): models are developed to detect weaknesses in credit unions in Ontario, Canada, so that potential financial failures can be predicted. four data development analysis (DEA) models are equity to asset ratio, and with the government regulators extensively modified “z-score” model. Hence, for each credit union, comparison is made with a peer group of efficient entities that the inefficient institutions management can emulate to improve their performance.

Ahmed Arif Alazani (2022): this study attempts basically to measure the financial performance of the Jordanian Arab commercial bank for the period 2000-2009 by using the Dupont system of financial analysis which is based on analysis of return

on equity model. This model disaggregates performance into three components net profit margin, total asset turnover and equity multiplier. The bank witnessed a continuation of challenges brought on by global financial crisis. It was found that the financial performance of Arab bank is relatively steady and reflect minimal volatility in the return on equity.

Lee E Preston, Douglas P O'Bannon (2021): this research note analyses the relationship between indicators of corporate social and financial performance within a comprehensive theoretical framework. The results, based on data for 67 large U.S. corporations for 1982-1992, reveal no significant negative social-financial performance relationship and strong positive correlations in both contemporaneous and lead-lag formulations.

Vijayakumar A. (2021): has studied about 'Assessment of Corporate Liquidity - a discriminate analysis approach' in this research he has revealed that the growth rate of sales, leverage, current ratio, operating expenses to sales and vertical integration was the important variables which determine the profitability of companies in the sugar industry. Also, he has studied the short- term liquidity position in twenty- eight selected sugar factories in co-operative and private sectors. In research a discriminate analysis has been used by the researcher, to undertaken to distinguish the good risk companies from poor risk companies based on current and liquidity ratios. In this study discriminating 'Z' scores have been calculated with the help of discriminate function and according to the 'Z' scores the companies are ranked in the order of liquidity.

Raghunathan & Das (2021): have discussed in their paper regarding corporate performance of post-Liberalization. They analysed the performance of Indian Manufacturing sector in the last 8 years since liberalization on the parameters of profitability, liquidity, leverage, and solvency. They also observed that the solvency and profitability ratios were encouraging till 1996 they have been gradually diminishing after that and this problem gets more pronounced when the EVA was calculated which showed that the Indian Manufacturing sector has destroyed wealth, while the MNCs have generated wealth for their shareholders. They have pointed out after the analysis; the poor corporate performance has led to an economic slowdown and not the other way round and corporate raised funds

during the blacken days of equity markets and ended up investing these funds at below their cost of capital. In short, the outcome has been a prolonged economic slowdown.

Bhadrappa Haralayya (2021): We all know that banks offer basic loans, deposits, and financial advice, but they also facilitate transactions on sophisticated financial instruments such as private equity, bonds and mutual funds. Most top performing candidates typically view careers in banking as the pinnacle of achievement, and sectors such as treasury, equity trading, investment banking and private banking are viewed as the most lucrative jobs for new graduates. In addition to traditional bank, other financial institutions such as credit unions, trust companies, mortgage loan companies, insurance companies, brokerage firms and asset management firms also offer a host of financial advice. Hence, when viewing the opportunities in the sector, one must also carefully consider these other specialised financial institutions.

Rajeswari (2021): studied about the Liquidity Management of Tamil Nadu Cement Corporation Ltd. Alan Gulam. A Case Study. She concluded from the analysis; the liquidity position of TANCEM was not stable. After the comparative analysis regarding liquidity ratios, she has found there was too much of liquidity in the first two years of the study period and a very high degree of liquidity was also bad as idle assets earn nothing and affects profitability. In short, she concluded that the liquidity management of TANCEM is poor and is not satisfactory.

Marc Olitzky, Frank L Schmidt, Sara L Ryne's (2020): most theorizing on the relationship between corporate social/environment performance (CSP) and corporate financial performance (CFP) assumes that the current evidence is too fractured or too variable to draw any generalizable conclusion. With this integrative, quantitative study, we intend to show that the mainstream claim that we have little generalizable knowledge about CSP and CFP is built on shaky grounds. This meta-analysis establishes a greater degree of uncertainty with respect to the CSP-CFP relationship.

Weill (2020): discussed in his paper about comparison of leverage and corporate performance-a frontier efficiency analysis provides new empirical evidence on a

major corporate governance issue and the relationship between leverage and corporate performance. To analyse the leverage and corporate performance, he has applied frontier efficiency techniques to obtain performance measures for companies from several countries (France, Germany and Italy). This study proceeds to regressions of corporate performance on a various set of variables including leverage. He has found mixed evidence depending on the country; while significantly negative in Italy, the relationship between leverage and corporate performance was significantly positive in France and Germany.

Dewar Varun (2019): Study to analyse the effect of various fundamental corporate policy variables like dividend, debt, capital expenditure on stock prices of automobile company of India. The study tends that dividend & investment policy are relevant and capital structure irrelevant to stock prices.

Daniel A Moses Joshua (2019): the study has been conducted to identify the financial strength and weakness of the Tata motors Ltd. Used to comment of financial status of company. Financial performance of company is satisfactory and suggested to increase the loan levels of company for the better performance.

Becker Dieter (2019): the report shows about the current state and prospects of the worldwide automobile industry. This survey reports the manufacturer, executive and consumer views about four aspects, mobility culture, technological fit, business model readiness and market share.

Raphael Nisha (2018): the author tries to evaluate the financial performance of Indian tyre industry. The study was conducted for periods 2003-2004 to 2011-2012 to analyse the performance with financial indicators, sales trend, export trend, production trend etc. the result suggests the key to success in industry is to improve the labour productivity and flexibility and capital efficiency.

Eberhart (2018): reported the uses of neural network in identification of distressed business by the Italian central bank. Using over 1000 sampled firm with 10 financial ratio as independent variables, the found that the classification of neutral network is not a clearly dominant mathematical technique compared to traditional statistical techniques.

Robe kangri, Fad fand, Hesham M Leghari (2018): business failure in construction industry is an important research issue for forecasting the financial status of a company. The construction industry in the United States has several unique characteristics that sharply distinguish it from other sectors of the economy. These characteristics contribute in many ways to the high rate of business failure in the industry. The financial ratios are used to develop the model: current ratio, total liability, net worth, total assets to revenues, revenue to net working capital, return on total assets, and return on net worth. The model also considers characteristics of various trades in the construction industry and the impact of the company size.

Julian Yeo (2018): Financial analysis is all about gaining the knowledge of how financial metrics are mapped into stock prices. The stock market can be an intimidating venture for most people. The determination of stock prices often seems a black-box mystery. Understanding how accounting numbers are tied to the stock price and knowing what to look for in determining how much you think the stock is worth (i.e., intrinsic, or fundamental value) are real advantages to investors.

Martin Fresson, Fernando Alvarez (2018): leading investment authority Martin Fresson returns with Fernando Alvarez to provide the analytical framework you need to scrutinize financial statements, whether you are evaluating a company's stock price or determining valuations for a merger or acquisition. Rather than taking financial statements at face value, you will learn practical and straightforward analytical techniques for uncovering the reality behind the numbers. This fully revised and up-to-date 5th Edition offers fresh information that will help you to evaluate financial statements in today's volatile markets and uncertain economy. The declining connection between GAAP earnings and stock prices has introduced a need to discriminate between instructive and misleading non-GAAP alternatives. This book integrates the alternatives and provides guidance on understanding the extent to which non-GAAP reports, particularly from US companies, may be biased.

RK Kalani (2018): A large number of such assumptions might be violated even while making comparisons of a single firm over many years □ Hence, care must be taken in terms of making any significant conclusions □ One should carefully read the notes of accounts for any significant comments such as changes on accounting policy or any significant provisions or contingent liabilities that may arise Importance ought to be given to qualitative factors, such as differing economic and cultural environments, while doing financial analysis for firms across industries, geographies, and time periods.

William H. Beaver (2018) Financial statement analysis has been used to assess a company's likelihood of financial distress — the probability that it will not be able to repay its debts. Financial statement analysis was used by credit suppliers to assess the credit worthiness of its borrowers. Today, financial statement analysis is ubiquitous and involves a wide variety of ratios and a wide variety of users, including trade suppliers, banks, credit rating agencies, investors and management, among others. Financial distress refers to the inability of a company to pay its financial obligations as they mature. Empirically, academic research in accounting and finance has focused on either bond default or bankruptcy. The basic issue is whether the probability of distress varies in a significant manner conditional upon the magnitude of the financial statement ratios. This monograph discusses the evolution of three main streams within the financial distress prediction literature: The set of dependent and explanatory variables used, the statistical methods of estimation, and the modelling of financial distress.

Andrew B. Jackson(2018): The literature on financial statement analysis attempts to improve fundamental analysis and to identify market inefficiencies with respect to financial statement information. In this paper, the author reviews the extant research on financial statement analysis. The author then provides some preliminary evidence using Chinese data and offer suggestions for future research, with a focus on utilising unique features of the Chinese business environment as motivation. The author notes that there has been no work that the author could locate specifically on Chinese FSA research. The unique business environment in China, relative to the US where most of this work has been conducted, should

motivate any studies, especially given the author documents the robust finding in terms of the mean reversion in profitability.

Jane A. Ou, Stephen H. Penman (2018): This paper performs a financial statement analysis that combines a large set of financial statement items into one summary measure which indicates the direction of one-year-ahead earnings changes. Positions are taken in stocks based on this measure during the period 1973–1983, which involve cancelling long and short positions with zero net investment. The two-year holding-period return to the long and short positions is in the order of 12.5%. After adjustment for ‘size effects’ the return is about 7.0%. These returns cannot be explained by nominated firm risk characteristics.

Jacek Welk (2018): A primary approach to evaluating and comparing financial performance of enterprises is a **ratio analysis**, which deals with a set of metrics that are typically computed on the basis of inputs extracted from primary financial statements and notes to them. As will be demonstrated in the following sections, most of those accounting ratios are calculated in a very simple way, as a quotient of just two numbers.

E H Kaross (2018): Ratio analysis is a commonly used analytical tool for verifying the performance of a firm. While ratios are easy to compute, which in part explains their wide appeal, their interpretation is problematic, especially when two or more ratios provide conflicting signals. Indeed, ratio analysis is often criticized on the grounds of subjectivity, that is the analyst must pick and choose ratios in order to assess the overall performance of a firm. In this paper we demonstrate that Data Envelopment Analysis (DEA) can augment the traditional ratio analysis. DEA can provide a consistent and reliable measure of managerial or operational efficiency of a firm. We test the null hypothesis that there is no relationship between DEA and traditional accounting ratios as measures of performance of a firm. Our results reject the null hypothesis indicating that DEA can provide information to analysts that is additional to that provided by traditional ratio analysis. We also apply DEA to the oil and gas industry to demonstrate how financial analysts can employ DEA as a complement to ratio analysis.

Washington (2018): The course project is designed to analyse the financial statements and situation of major corporations and use the material covered in the course. The goal behind the course project is to develop, enhance, and utilize the student's ability to analyse a corporation's financial situation.

Dinh Văn Toan (2017): Financial Statement Analysis book that is written with the premise that students learn financial statement analysis most effectively by performing the analysis on actual companies. Students learn to integrate the concepts from economics, finance, business strategy, accounting, and other business disciplines through the integration of a unique six-step process.

Hawara Danial (2017): Fraudulent financial reporting is a major concern for two primary regulators of Malaysia's capital market - the Securities Commission (SC) and Bursa Malaysia. Both authorities continue to refine the parameters that will ensure rigorous surveillance over public listed firms. The objective of current study is to examine the association between financial statement analysis and fraudulent financial reporting. Many researchers found indication of financial ratios to detect fraudulent financial reporting but others also have concluded otherwise. Most of these studies were conducted outside of Malaysia. The sample comprises of the Malaysian Public Listed firms and data used ranged between year 2000 to 2011. The result indicated that several financial ratios such as total debt to total asset, and receivables to revenue were found to be significant predictors to detect fraudulent financial reporting. This reflects that, financial ratios maybe helpful in the detection of fraudulent financial reporting. These findings add to the extant literature on the ability of financial ratios to detecting fraud.

Richard P. Brief and Raef A. Lawson (1992): The accounting rate of return (ARR) is "not only a central feature of any basic text on financial statement analysis but also figures commonly in the evaluation by investment analysts of the financial performance of firms" (Whittington 1988, 261). Notwithstanding the prominence given to this financial ratio (Foster 1986, 77-79), many writers have warned that the ARR lacks economic significance and can be a very misleading measure of profitability. Fisher and McGowan (1983, 90), for example, conclude that "there is no way in which one can look at accounting rates of return and infer anything about relative economic

profitability." However, instead of basing DCF valuations on cash flows which are derived from accounting data, a more direct method of analysis is to base the DCF valuations directly on accounting data. Understanding how accounting data can be used in DCF analysis leads to a greater appreciation of the general nature of accounting and provides a compelling reason to give the ARR a more prominent place in financial statement analysis.

Partha S. Mohan ram (2016) This paper combines traditional fundamentals, such as earnings and cash flows, with measures tailored for growth firms, such as earnings stability, growth stability and intensity of R&D, capital expenditure and advertising, to create an index – GSCORE. A long–short strategy based on GSCORE earns significant excess returns, though most of the returns come from the short side. Results are robust in partitions of size, analyst following and liquidity and persist after controlling for momentum, book-to-market, accruals and size. High GSCORE firms have greater market reaction and analyst forecast surprises with respect to future earnings announcements. Further, the results are inconsistent with a risk-based explanation as returns are positive in most years, and firms with lower risk earn higher returns. Finally, a contextual approach towards fundamental analysis works best, with traditional analysis appropriate for high BM stocks and growth oriented fundamental analysis appropriate for low BM stocks.

Doron Nissim & Stephen H. Penman (2016): This paper presents a financial statement analysis that distinguishes leverage that arises in financing activities from leverage that arises in operations. The analysis yields two leveraging equations, one for borrowing to finance operations and one for borrowing in the course of operations. These leveraging equations describe how the two types of leverage affect book rates of return on equity. An empirical analysis shows that the financial statement analysis explains cross-sectional differences in current and future rates of return as well as price-to-book ratios, which are based on expected rates of return on equity. The paper therefore concludes that balance sheet line items for operating liabilities are priced differently than those dealing with financing liabilities. Accordingly, financial statement analysis that distinguishes the two types

of liabilities informs on future profitability and aids in the evaluation of appropriate price-to-book ratios.

Susan Perry Williams (2015) This study session covers investments in other entities (intercorporate investments), post-employment benefits, and foreign currency transactions. Intercorporate investments take the form of investments in 1) financial assets, 2) associates, 3) joint ventures, 4) business combinations, and 5) special purpose and variable interest entities. Current and new reporting standards for these investments are examined. The valuation and treatment of post-employment benefits follows, including share-based compensation (grants, options). Differences in valuation methods between defined-contribution and defined-benefit plans are described. The effect of foreign currency on a business's financials and methods to translate foreign currency from operations for consolidated financial statement reporting is examined. Analysis of financial institutions, including factors for consideration and an analysis approach (CAMELS), concludes the session.

Victor Chukwuemeka (2014): The major indicators of the financial performance of corporate entities are liquidity and profitability. Liquidity ratio is used to judge the ability of a firm to meet its short-term maturing obligations. The higher the ratio the greater the margin of safety for short-term creditors (current ratio). While profitability ratio is concern with relative profitability and efficiency of utilization of resources of a business. Thus, this study seeks to determine the following: (1) The correlation between current ratio and profitability; as measured by return on assets (ROA), (2) The correlation between Acid-test ratio and profitability; as measured by return on assets (ROA), (3) The correlation between return on capital employed and profitability; as measured by return on assets (ROA). The research design adopted for this study is the "quantitative research design". The population consists of publicly quoted companies that make up the "industrial/Domestic products" industry.

CHAPTER 3

RESEARCH METHODOLOGY

Fundamental to the success of any formal research project is a sound research design. A good research design has the characteristics of problem definition, specific methods of data collection and analysis, time required for research project and estimate of expenses to be incurred. The function of a research design is to ensure that the required data are collected accurately and economically. A research design is purely and simply the framework or plan for an analysis of data. It is a blue print that is followed in completing a study. It resembles the architect's blue-print (map) for constructing a house. It may be worthwhile to mention here that a research design is nothing more than the framework for the study ensures that the study will be relevant to the problem and the study will employ economical procedures.

Claire seltizetal defines Research Design as "Research design is a catalogue of the phases and facts relating to the formulation of a research effort. It is the arrangement of collection and analysis of data in a manner that aims to combine relevant to the research purpose with economy in procedure".

Three important about research design are

1. The design of investigation should stem from the problem
2. Whether the designs are productive in a given problem setting depends on how imaginatively they are applied. An understanding of the basic design is needed so that they can be modified to suit specific purpose

The three basic designs are as follows:

- Exploratory Research design
- Descriptive Research design
- Casual Research design

The Research design used in the study is descriptive research design.

3.1 RESEARCH DESIGN

INTRODUCTION:

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done systematically. In it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. It is necessary for the researcher to know not only the research methods/techniques but also the methodology. Researchers not only need to know how to develop certain indices or tests, how to calculate the mean, the mode, the median or the standard deviation or chi-square, how to apply research techniques, but they also need to know which of these methods or techniques, are relevant and which are not, and what would they mean and indicate and why. Why a research study has been undertaken, how the research problem has been defined, in what way and why the hypothesis has been formulated, what data have been collected and what particular method has been adopted, why particular technique of analyzing data has been used and a host of similar other questions are usually answered when we talk of research methodology concerning a research problem study.

3.2 RESEARCH DESIGN:

Research design is a conceptual structure within which the research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. There are many types of research design that a researcher may use for his/her study. The following are the key features of a research design:

- I. It is the plan that indicates the sources and types of information relevant to the research problem.
- II. It is a strategy specifying which approach will be used for collecting and analysing the data.
- III. It also contains the time and cost budgets as most studies are done under these two impediments.

In short, research design must, at least, contain:

- a) A clear statement of the research problem.
- b) Procedures and techniques to be used for data collection.
- c) The population to be studied; and
- d) Methods to be used in processing and analyzing data.

Research design has a great bearing on the reliability of the results arrived at and constitutes the firm foundation of the entire edifice of the research work.

The types of research design used in the study are:

- a) Descriptive design: This type of research design is used to describe the financial performance of a company. It involves summarizing and presenting the financial information in a meaningful way, such as through ratios and trends analysis.
- b) Comparative design: This research design is used to compare the financial performance of different companies or industries. It involves benchmarking a company's financial ratios and performance against those of its peers or industry standards.
- c) Case study design: This research design involves the in-depth analysis of a particular company's financial statements and performance, typically to understand the causes and implications of specific financial events or decisions.
- d) Longitudinal design: This type of research design involves the analysis of a company's financial performance over time, often to identify trends or patterns in its financial performance. It may involve the comparison of financial statements from multiple years or quarters.

3.3 METHODS OF DATA COLLECTION:

The task of data collection begins after a research problem has been defined and research design plan chalked out. While deciding about the method of data collection to be used for the study, the researcher should keep in mind two types of data viz., primary data and secondary data.

SECONDARY DATA:

Secondary data refers to the data that was collected by someone other than the user. Common sources of secondary data includes census, information collected by government departments, organizational records and data that was originally collected for other research purposes. Secondary data analysis can save time that would otherwise be spent collecting data and particularly in the case of quantitative data, can provide larger and higher-quality database that would be unfeasible for any individual researcher to collect on their own. In addition, analysts of social and economic change consider secondary data essential since it is impossible to conduct a new survey that can adequately capture past change and/or developments.

SECONDARY DATA COLLECTION:

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Secondary data were obtained from: -

- Balance Sheet
- Annual Report
- Company Website

BALANCE SHEET

A balance sheet is a financial statement that reports a company's assets, liabilities, and shareholder equity. The balance sheet is one of the three core financial statements that are used to evaluate a business. It provides a snapshot of a company's finances (what it owns and owes) as of the date of publication.

ANNUAL REPORT

The annual report is a comprehensive report on a company's activities throughout the preceding year. Annual reports are intended to give shareholders and other interested people information about the company's activities and financial performance. They may be considered as grey literature.

COMPANY WEBSITE

Company website means all web sites owned, operated or hosted by the Company or any Company Subsidiary or through which the Company or any Company Subsidiary conducts their respective businesses (including those web sites operated using the domain names listed in Schedule 4.12(a)), and the underlying platforms for such web sites.

3.4 PERIOD OF STUDY:

The study was done based on the financial data of 5 years Balance sheet and The Annual Reports of the company (2017-2022)

3.5 TOOLS USED FOR ANALYSIS:

STATISTICAL METHODS USED:

RATIO ANALYSIS:

Ratio analysis is a powerful tool used in financial analysis to evaluate a company's financial health by analysing the relationship between different financial metrics. It involves calculating various financial ratios that provide insights into a company's performance and financial position. These ratios are then compared to industry benchmarks, historical trends, and other companies to identify strengths, weaknesses, opportunities, and threats.

Ratio analysis can help identify trends and potential areas of concern in a company's financial statements. Some of the key ratios that analysts use in financial analysis include:

- I. Liquidity Ratios: These ratios measure a company's ability to meet its short-term obligations. Examples of liquidity ratios include the current ratio and quick ratio.
- II. Solvency Ratios: These ratios measure a company's ability to meet its long-term obligations. Examples of solvency ratios include the debt-to-equity ratio and the interest coverage ratio.
- III. Profitability Ratios: These ratios measure a company's ability to generate profits from its operations. Examples of profitability ratios include the return on assets and return on equity.
- IV. Efficiency Ratios: These ratios measure a company's ability to manage its assets and liabilities efficiently. Examples of efficiency ratios include inventory turnover and accounts receivable turnover.

By using ratio analysis, financial analysts can gain a better understanding of a company's financial health, make informed investment decisions, and identify potential areas for improvement. However, it's important to note that ratio analysis should not be used in isolation and should always be considered alongside other factors such as industry trends, macroeconomic conditions, and management quality.

Ratios used in the study for analysis:

1. Current Ratio:

The current ratio is a liquidity ratio that measures a company's ability to pay off its short-term obligations using its current assets. It is calculated by dividing a company's current assets by its current liabilities.

The formula for calculating the current ratio is:

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

A current ratio of 1 or above is considered good, as it indicates that a company has enough current assets to cover its current liabilities. A current ratio of less than 1 suggests that a company may have difficulty paying off its short-term obligations.

2. Quick Ratio:

The Quick Ratio, also known as the Acid-Test Ratio, is a liquidity ratio that measures a company's ability to pay off its short-term obligations using its most liquid assets. It is a more conservative measure of liquidity compared to the Current Ratio, as it excludes inventory and other less liquid assets from the calculation.

The formula for calculating the Quick Ratio is:

$$\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory} - \text{Prepaid Expenses}) / \text{Current Liabilities}$$

A Quick Ratio of 1 or above is considered good, as it indicates that a company has enough liquid assets to cover its current liabilities. A Quick Ratio of less than 1 suggests that a company may have difficulty paying off its short-term obligations.

3. Absolute liquidity ratio:

The Absolute Liquidity Ratio is a liquidity ratio that measures a company's ability to pay off its current liabilities using its most liquid assets. It is a more stringent measure of liquidity than the current ratio or the quick ratio, as it only considers cash and cash equivalents as the numerator and current liabilities as the denominator.

The formula for calculating the Absolute Liquidity Ratio is:

$$\text{Absolute Liquidity Ratio} = \text{Cash and Cash Equivalents} / \text{Current Liabilities}$$

A high Absolute Liquidity Ratio is considered good, as it indicates that a company has enough cash and cash equivalents to cover its current liabilities. However, a very high ratio may suggest that the company is holding too much cash, which could be invested elsewhere to generate higher returns.

4. Debt-to-equity ratio:

The debt-to-equity ratio is a financial metric used to measure a company's leverage or the extent to which it is using debt to finance its operations. It is calculated by dividing a company's total liabilities by its shareholders' equity.

The formula for the debt-to-equity ratio is:

$$\text{Debt to Equity Ratio} = \text{Total Debt} / \text{Shareholders' Equity}$$

Both the total debt and shareholders' equity figures can be found on a company's balance sheet. The higher the debt-to-equity ratio, the more leveraged the company is and the higher the risk for investors. A lower ratio indicates that the company has a larger portion of equity financing compared to debt financing, which may be seen as less risky by investors.

5. Gross Profit Ratio:

The Gross Profit Ratio, also known as the Gross Margin Ratio, is a profitability ratio that measures the percentage of sales that exceeds the cost of goods sold. It indicates how efficiently a company is utilizing its resources to produce goods and services.

The formula for calculating the Gross Profit Ratio is:

$$\text{Gross Profit Ratio} = (\text{Gross Profit} / \text{Net Sales}) \times 100\%$$

Where Gross Profit is calculated as the difference between net sales and the cost of goods sold. A high Gross Profit Ratio is considered good, as it indicates that a company is generating sufficient revenue to cover its production costs and operating expenses. However, a very high ratio may suggest that the company is not investing enough in marketing and advertising, which could limit its growth potential.

6. Debt-to-asset ratio:

The debt to assets ratio is a financial ratio that measures the proportion of a company's total assets that are financed by debt.

The formula for calculating the debt-to-assets ratio is:

$$\text{Debt-to-assets ratio} = \text{Total debt} / \text{Total assets}$$

where "Total debt" refers to all the outstanding debt obligations of a company and "Total assets" refers to all the assets owned by the company, including both current and non-current assets. The debt-to-assets ratio shows the degree of leverage or risk of default a company has taken on. A higher ratio indicates that a greater portion of the company's assets are financed by debt, which can indicate higher financial risk. Conversely, a lower ratio indicates that a smaller portion of the company's assets are financed by debt, which can indicate a lower financial risk.

7. Net Profit Ratio:

The Net Profit Ratio, also known as the Net Profit Margin, is a profitability ratio that measures the percentage of sales that remain as net profit after deducting all expenses, including cost of goods sold, operating expenses, interest, taxes, and other charges. It indicates how efficiently a company is generating profit from its sales.

The formula for calculating the Net Profit Ratio is:

$$\text{Net Profit Ratio} = (\text{Net Profit} / \text{Net Sales}) \times 100\%$$

Where Net Profit is calculated as the difference between net sales and all expenses. A high Net Profit Ratio is considered good, as it indicates that a company is generating sufficient profit from its sales to cover all its expenses and provide a return to its owners. However, a very high ratio may suggest that the company is not investing enough in research and development or capital expenditures, which could limit its growth potential.

8. Operating Profit Ratio:

The Operating Profit Ratio, also known as the Operating Margin Ratio, is a profitability ratio that measures the percentage of sales that remain as operating profit after deducting operating expenses but before deducting interest and taxes. It indicates how efficiently a company is generating profit from its core operations.

The formula for calculating the Operating Profit Ratio is:

$$\text{Operating Profit Ratio} = (\text{Operating Profit} / \text{Net Sales}) \times 100\%$$

Where Operating Profit is calculated as the difference between net sales and operating expenses. A high Operating Profit Ratio is considered good, as it indicates that a company is generating sufficient profit from its core operations to cover all its operating expenses and provide a return to its owners. However, a very high ratio may suggest that the company is not investing enough in research and development or capital expenditures, which could limit its growth potential.

9. Return on asset:

Return on Assets (ROA) is a profitability ratio that measures the efficiency with which a company is using its assets to generate profit. It measures the percentage of profit a company generates from its total assets.

The formula for calculating the Return on Assets ratio is:

$$\text{Return on Assets} = \text{Net Income} / \text{Total Assets}$$

Where Net Income is the profit after all expenses, taxes, and interest have been deducted, and Total Assets is the sum of all assets of the company. A high Return on Assets ratio is generally considered a positive sign as it indicates that the company is efficiently using its assets to generate profits. A low Return on Assets ratio may suggest that the company is not effectively using its assets to generate profits.

10. Fixed Asset turnover ratio:

The Fixed Asset Turnover Ratio is an efficiency ratio that measures how efficiently a company uses its fixed assets, such as property, plant, and equipment (PP&E), to generate sales revenue.

The formula for calculating the Fixed Asset Turnover Ratio is:

$$\text{Fixed Asset Turnover Ratio} = \text{Net Sales} / \text{Average Fixed Assets}$$

Where Net Sales is the total sales revenue generated by the company during a given period, and Average Fixed Assets is the average value of the company's fixed assets during the same period.

Cash Flow Analysis

Cash flow analysis is a financial analysis technique that evaluates a company's ability to generate cash from its operations, investments, and financing activities. It involves examining a company's cash inflows and outflows to determine its liquidity, financial health, and ability to pay its bills and invest in growth opportunities.

Cash flow analysis is important because it provides a more accurate picture of a company's financial health than traditional accounting measures such as net income, which can be influenced by non-cash items such as depreciation.

There are three types of cash flows that are analysed in cash flow analysis:

- 1) **Operating Cash Flow:** This refers to the cash generated or used in a company's core business operations, such as sales and purchases of inventory. Positive operating cash flow indicates that a company is generating cash from its core business activities, which is a good sign for its financial health.
- 2) **Investing Cash Flow:** This refers to the cash generated or used in a company's investment activities, such as purchasing property, plant, and equipment or selling long-term assets. Positive investing cash flow indicates that a company is investing in growth opportunities and acquiring assets, which can be a good sign for its long-term prospects.
- 3) **Financing Cash Flow:** This refers to the cash generated or used in a company's financing activities, such as issuing or repurchasing stock, paying dividends, or borrowing money. Positive financing cash flow indicates that a company is generating cash from financing activities, which can be a good sign for its financial flexibility.

By analysing a company's cash flows, investors and analysts can gain insights into its liquidity, financial health, and ability to meet its financial obligations. A company with positive cash flows from its core business operations, prudent investments in growth opportunities, and solid financing activities is generally considered to be financially healthy and capable of sustaining long-term growth

Comparative Balance sheet:

Comparative balance sheet analysis is a technique used to analyze the changes in a company's balance sheet accounts over two or more periods. This analysis helps in understanding the company's financial position, trends, and changes over time.

To perform a comparative balance sheet analysis, the financial statements for two or more periods are compared side-by-side, with the dollar and percentage change calculated for each account. The changes can be evaluated to identify any significant trends, opportunities, or risks.

Some of the key points to look for in a comparative balance sheet analysis are:

- 1) Changes in assets: Look for any significant changes in the company's assets, such as an increase or decrease in cash, accounts receivable, inventory, or property, plant, and equipment.
- 2) Changes in liabilities: Look for any significant changes in the company's liabilities, such as an increase or decrease in accounts payable, long-term debt, or accrued expenses.
- 3) Changes in equity: Look for any significant changes in the company's equity, such as an increase or decrease in retained earnings, common stock, or treasury stock.
- 4) Financial ratios: Calculate key financial ratios based on the balance sheet information, such as the current ratio, debt-to-equity ratio, and return on equity. Compare the ratios across different periods to identify any trends or changes.

Overall, a comparative balance sheet analysis provides valuable insights into a company's financial position, trends, and changes over time. By understanding the company's financial performance and position, investors and analysts can make more informed investment decisions.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

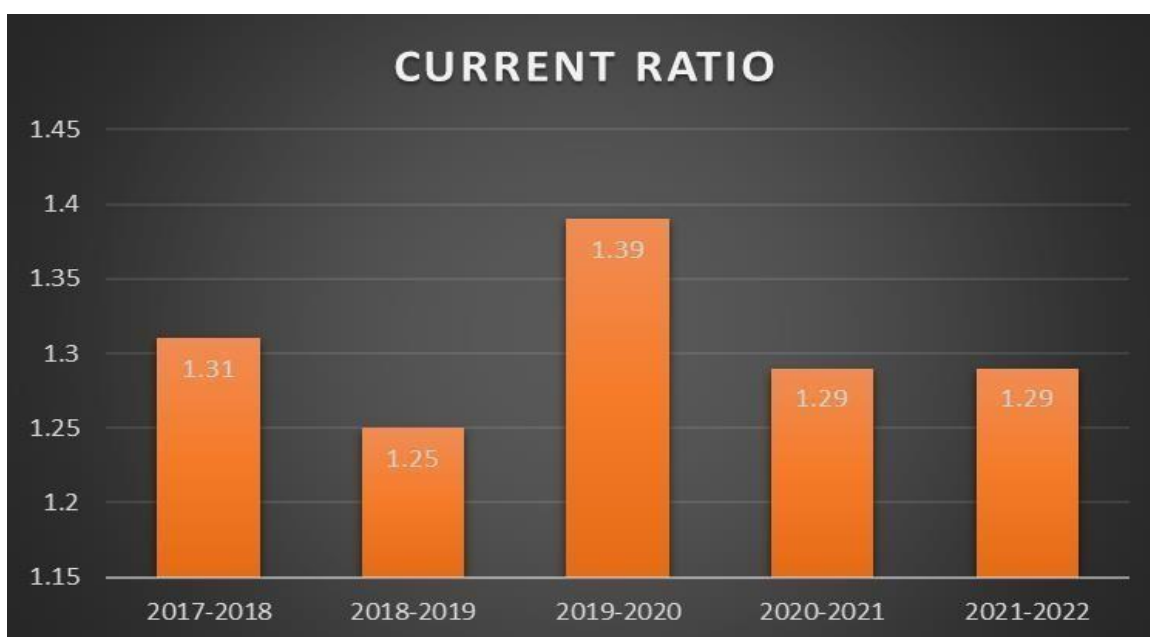
1. CURRENT RATIO:

Given below are the table and chart that contains the values of current ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.1 Table representing current ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
CURRENT RATIO	1.31	1.25	1.39	1.29	1.29

4.11 Chart representing current ratio for the year 2018-2022



INTERPRETATION:

The current ratio for the year 2017-2018 is 1.31, for the year 2018-2019 is 1.25, for the year 2019-2020 is 1.39, for the year 2020-2021 is 1.29, for the year 2021-2022 is 1.29.

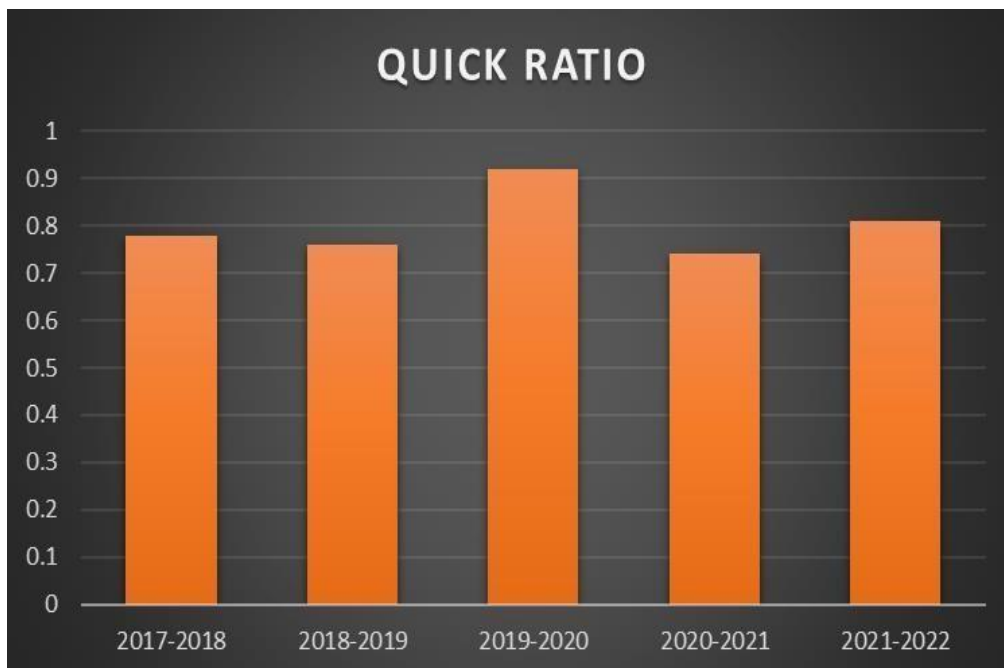
2. QUICK RATIO:

Given below are the table and chart that contains the values of quick ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.2 Table representing quick ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
QUICK RATIO	0.78	0.76	0.92	0.74	0.81

4.12 Chart representing quick ratio for the year 2018-2022



INTERPRETATION:

The Quick ratio for the year 2017-2018 is 0.78, for the year 2018-2019 is 0.76 for the year 2019-2020 is 0.92, for the year 2020-2021 is 0.74, for the year 2021-2022 is 0.81.

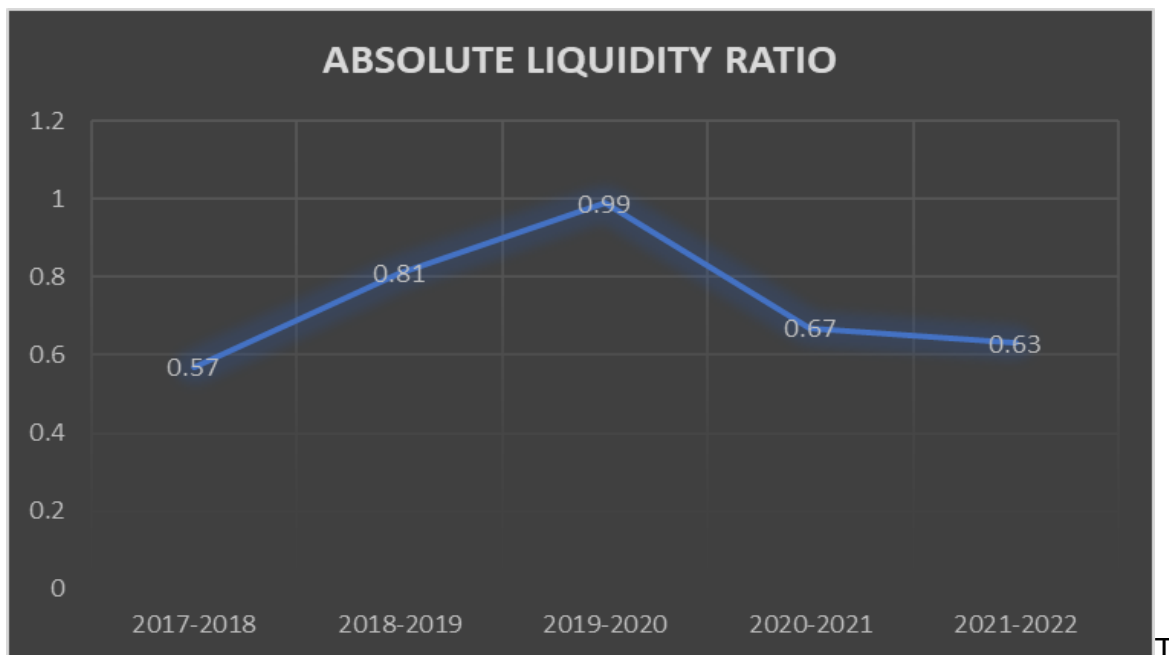
3. ABSOLUTE LIQUIDITY RATIO

Given below are the table and chart that contains the values of absolute liquidity ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.3 Table representing absolute liquidity ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
ABSOLUTE LIQUIDITY RATIO	0.57	0.81	0.99	0.67	0.63

4.31 Chart representing absolute liquidity ratio for the year 2018-2022



INTERPRETATION:

The absolute liquidity ratio for the year 2017-2018 is 0.57, 2018-2019 is 0.81, 2019-2020 is 0.99, 2020-2021 is 0.67, 2021-2022 is 0.63.

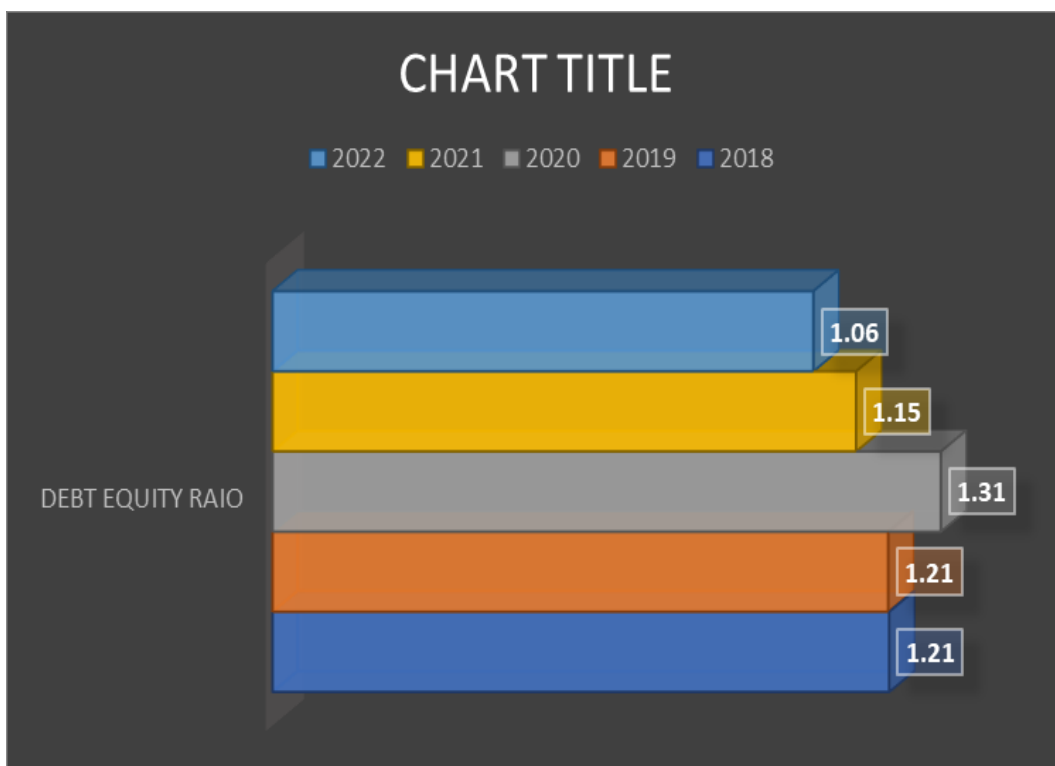
4.DEBT-EQUITY RATIO:

Given below are the table and chart that contains the values of debt equity ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.4 Table representing debt equity ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
DEBT EQUITY RATIO	1.21	1.21	1.31	1.15	1.06

4.41 Chart representing debt equity ratio for the year 2018-2022



INTERPRETATION:

The Debt Equity ratio for the year 2017-2018 is 1.21, for the year 2018-2019 is 1.21 for the year 2019-2020 is 1.31, for the year 2020-2021 is 1.15, for the year 2021-2022 is 1.06.

5.DEBT-TO-ASSET RATIO:

Given below are the table and chart that contains the values of debt-to-asset ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.5 Table representing debt-to-asset ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
DEBT-TO-ASSET RATIO	0.57	0.81	0.99	0.67	0.63

4.51 Chart representing debt-to-asset ratio for the year 2018-2022



INTERPRETATION:

The Debt-to-Asset ratio for the year 2017 is 0.60, 2018 is 0.57, 2019 is 0.81, 2020 is 0.99, 2021 is 0.67 and 2022 is 0.63

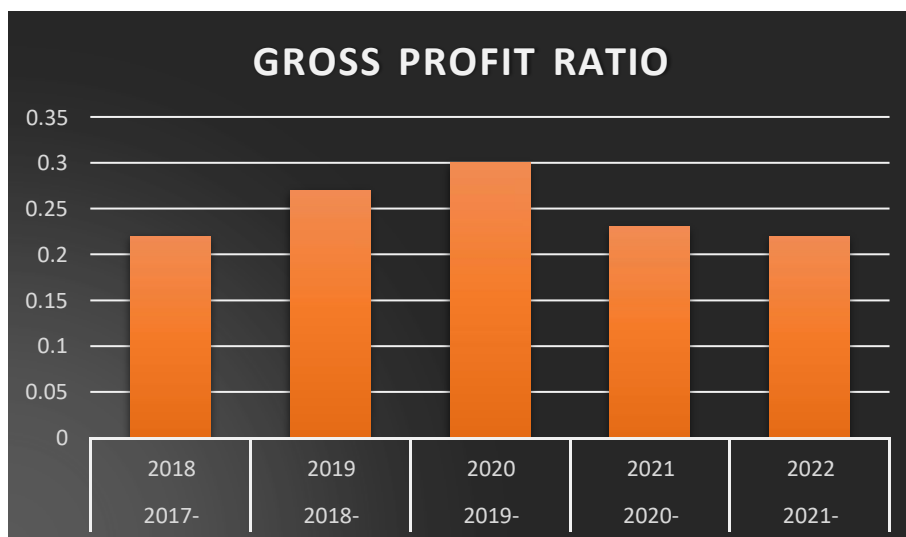
6.GROSS PROFIT RATIO:

Given below are the table and chart that contains the values of gross profit ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.6 Table representing gross profit ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
GROSS PROFIT RATIO	0.22	0.27	0.3	0.23	0.22

4.61 Chart representing gross profit ratio for the year 2018-2022



INTERPRETATION:

The Gross Profit ratio for the year 2017-2018 is 0.22, 2018-2019 is 0.27, 2019-2020 is 0.30, 2020-2021 is 0.23 and 2021-2022 is 0.22.

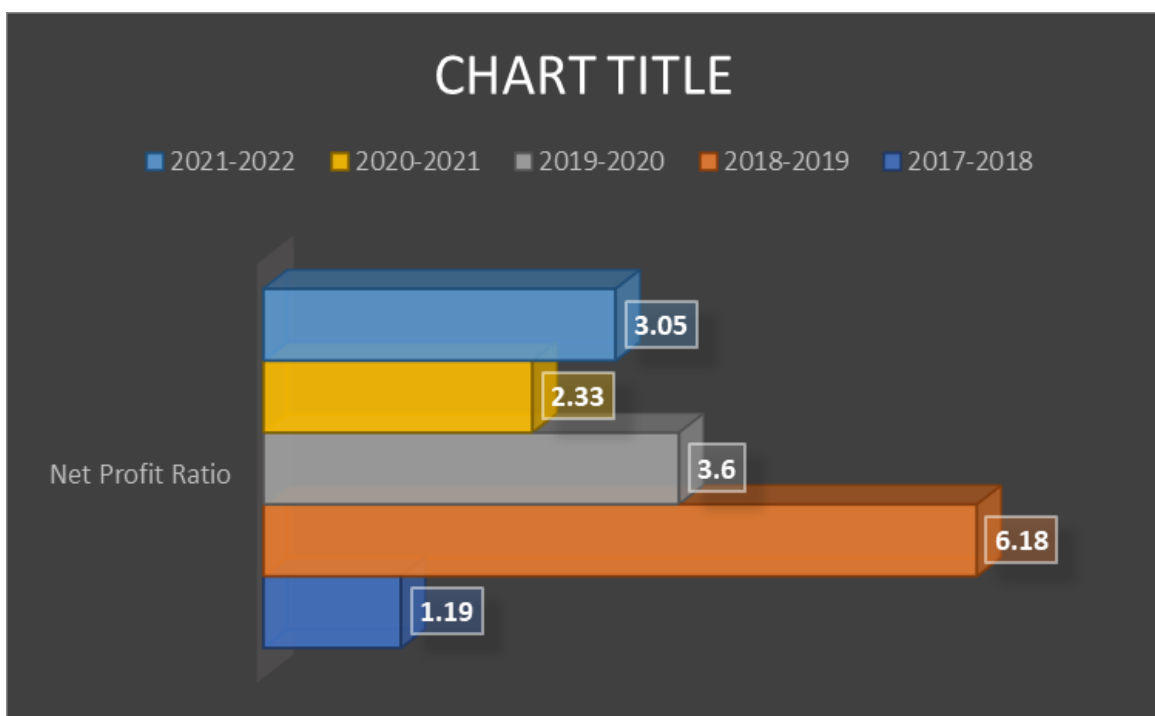
7.NET PROFIT RATIO:

Given below are the table and chart that contains the values of net profit ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.7 Table representing net profit ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Net Profit Ratio	1.19	6.18	3.6	2.33	3.05

4.71 Chart representing net profit ratio for the year 2018-2022



INTERPRETATION:

The Net profit ratio for the year 2018 is 1.19, 2019 is 6.18, 2020 is 3.60, 2021 is 2.33 and 2022 is 3.05.

8. RETURN ON ASSETS RATIO:

Given below are the table and chart that contains the values of return on assets ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.8 Table representing return on assets ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
ROA	1.02	3.13	2.46	1.96	1.37

4.81 Chart representing return on assets ratio for the year 2018-2022



INTERPRETATION:

The Return on asset for the year 2018 is 1.02, 2019 is 3.13, 2020 is 2.46, 2021 is 1.96 and 2022 is 1.37.

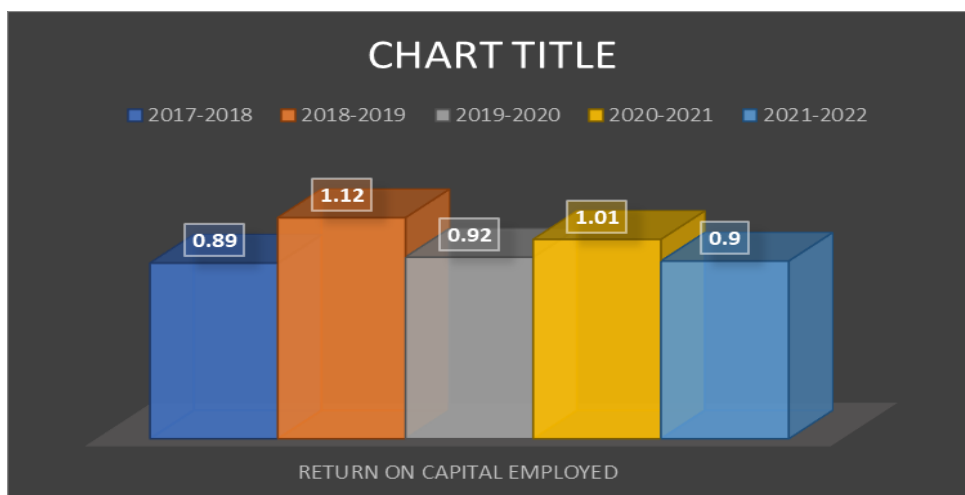
9. RETURN ON CAPITAL EMPLOYED RATIO

Given below are the table and chart that contains the values of return on capital employed ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.9 Table representing return on capital employed ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
RETURN ON CAPITAL EMPLOYED	0.89	1.12	0.92	1.01	0.9

4.91 Chart representing return on capital employed ratio for the year 2018-2022



INTERPRETATION:

The Return on Capital employed ratio for the year 2017-2018 is 0.89, for the year 2018-2019 is 1.12 for the year 2019-2020 is 0.92, for the year 2020-2021 is 1.01, for the year 2021-2022 is 0.90.

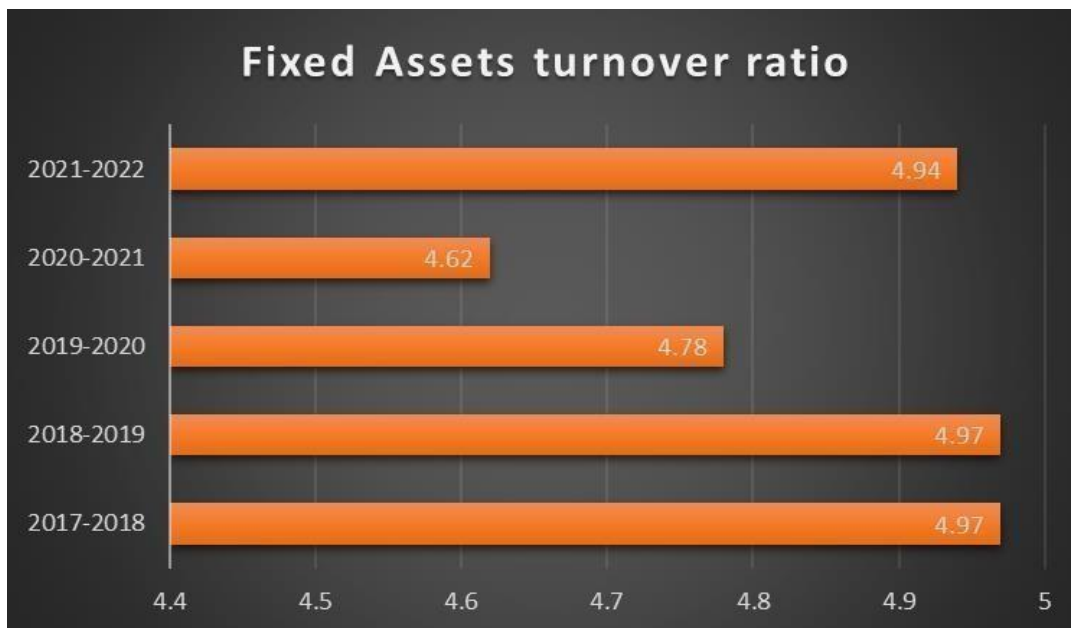
10.FIXED ASSET TURNOVER RATIO:

Given below are the table and chart that contains the values of fixed asset turnover ratio for the year 2018-2022 of Tropical Agrosystem India Pvt. Ltd.

4.10 Table representing fixed asset turnover ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
FIXED ASSETS TURNOVER RATIO	4.97	4.97	4.78	4.62	4.94

4.101 Chart representing fixed asset turnover ratio for the year 2018-2022



INTERPRETATION:

The Fixed asset turnover ratio for the year 2017-2018 is 4.97, 2018-2019 is 4.97, 2019-2020 is 4.78, 2020-2021 is 4.62, 2021-2022 is 4.94.

CASH FLOW STATEMENT FOR THE YEAR 2018-2022

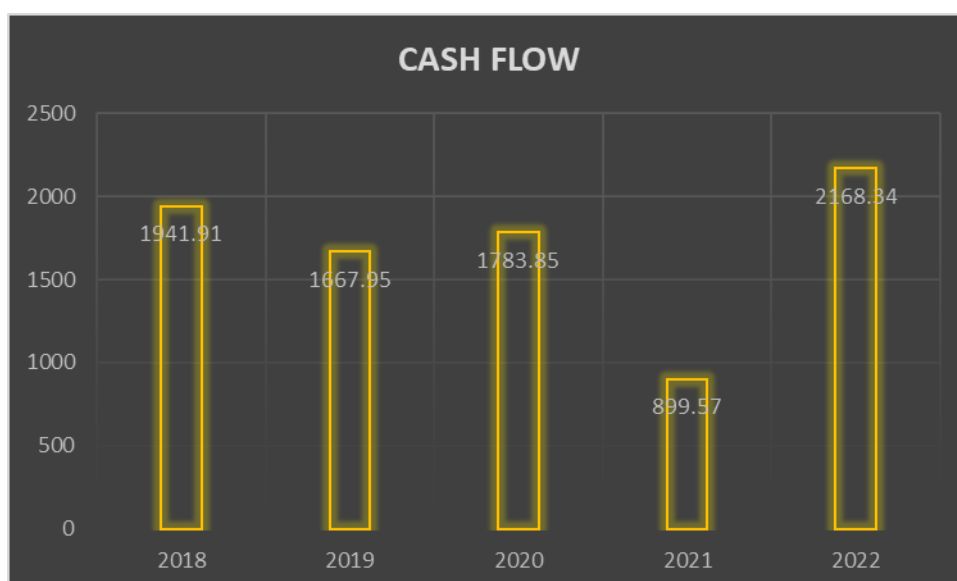
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018 to 31st MARCH 2022					
CASH FLOWS FROM OPERATING ACTIVITIES	2018	2019	2020	2021	2022
Net profit before tax	3661.52	5200.56	6000.78	7501.5	8502.84
Adjustments:					
Depreciation and Amortization	345.3	357.49	422.07	454.08	528.83
Interest income	-118.14	-62.31	-59.02	-119.77	-20.29
Sundry Balance Written off	0.95	-9.5	-5.69	-14.51	-17.59
Bad Debts Written off	264.72	339.93	331.59	394.01	397.14
Unrealized foreign exchange differences	9.6	14.24	170.22	-77.49	-2.42
Dividend income	-2.37	-0.76	-1.9	22.13	89.43
Finance costs	1,624.83	1600.3	2009.87	-1.15	-2.38
Discount	520.86	-	30	2307.51	2370.79
Loss on sale/retirement of fixed assets	-9.26	-7.94	-2.09	-6.84	-9.62
Profit on sale/retirement of fixed assets	30.12	9.41	28.17	21.02	3.96
Loss on sale/retirement of Land & Building	-215.98	-12.07	-79.26	-	0.12
Profit on sale/retirement of investments	75.45	-	3.39	7.78	18.23
Loss on sale/retirement of investments	-	-9.12	-6.08	-161.33	-124.11
Operating cash flow before working capital changes	6,187.60	7420.23	8842.05	10326.94	11734.93
(Increase/decrease in trade receivable	4078.68	4051.32	-8479.4	-2133.94	-4473.63
(Increase/decrease in Short Term Loan & Advances	-165.16	163.3	78.73	-1869.39	643.75
(Increase)/decrease in trade inventories	-907.54	-957.44	1222.78	-14071.2	2490.92
Increase/(decrease) in trade payables	2680.82	1149.26	1415.21	2799.56	-351.17
Increase/(decrease) in other liabilities	-503.95	146.84	673.42	522.61	-96.22
Increase/(decrease) in Provision	1,461.66	-39.2	892.85	5298.53	2860.4
Increase/(decrease) in other long term liabilities	70.87	-447.44	143.72	142.36	241.55
Cash generated from operations	1822.3	3384.23	2343.8	1015.49	13050.53
Income taxes (paid)	1211.28	1821.93	1635.94	-1888.26	-2125.05
Net cash provided/(used) by operating activities (A)	611.02	1562.3	707.86	-872.77	10925.48
B. Cash flows from investing activities					
Purchase or construction of fixed assets	-553.85	-934.09	-924.39	-1731.14	-3492.63
Proceeds from sale of fixed assets	122.04	25.68	115.79	71.69	46.82
Increase /decrease in Long Term Loan & Advances	-55.13	-557.14	-249.77	-3053.27	460.94
Purchase of other investments	-53.32	-227.29	-70.5	-109.04	-2322.16
Proceeds from sale/(maturity) of investments	-	50.31	70.63	73.85	696.87
Interest received	118.14	62.31	59.02	119.77	20.29
Dividend Received from investment	2.97	0.76	1.9	1.15	2.38
Net cash provided/(used) by investing activities (B)	-419.15	1579.46	-997.32	-4626.99	-4587.49
C. Cash flows from financing activities					
Proceed from issue of equity shares	-57.17	57.17	-	-	-
Proceed from issue of shares Capital	57.17	-57.17	-	-	-
Proceed from long term borrowing	-571.63	-269.24	11.82	3023.56	-3087.67
Proceed from short term borrowing	2108.4	1612.74	2402.91	3899.93	389.24
Finance cost paid	-	-1600.3	-	-2307.51	-2370.79

	1624.83		2009.87		
Net cash provided/(used) by financing activities (C)	-88.06	-256.8	404.86	4615.98	-5069.22
Net increase /(decrease) in cash and cash equivalent ((A) + (B) + (C))	103.81	-273.96	115.4	-883.78	1268.77
Cash and cash equivalents at the beginning of the year	1838.1	1941.91	1667.95	1783.35	899.57
Cash and cash equivalents at the end of the year	1941.91	1667.95	1783.35	899.57	2168.34

4.11 TABLE SHOWING CASH FLOW ANALYSIS FOR THE YEAR 2018-2022

YEAR	2018	2019	2020	2021	2022
CASH FLOW	1941.91	1667.95	1783.85	899.57	2168.34

4.111 CHART REPRESENTING CASH FLOW ANALYSIS FOR THE YEAR 2018-2022



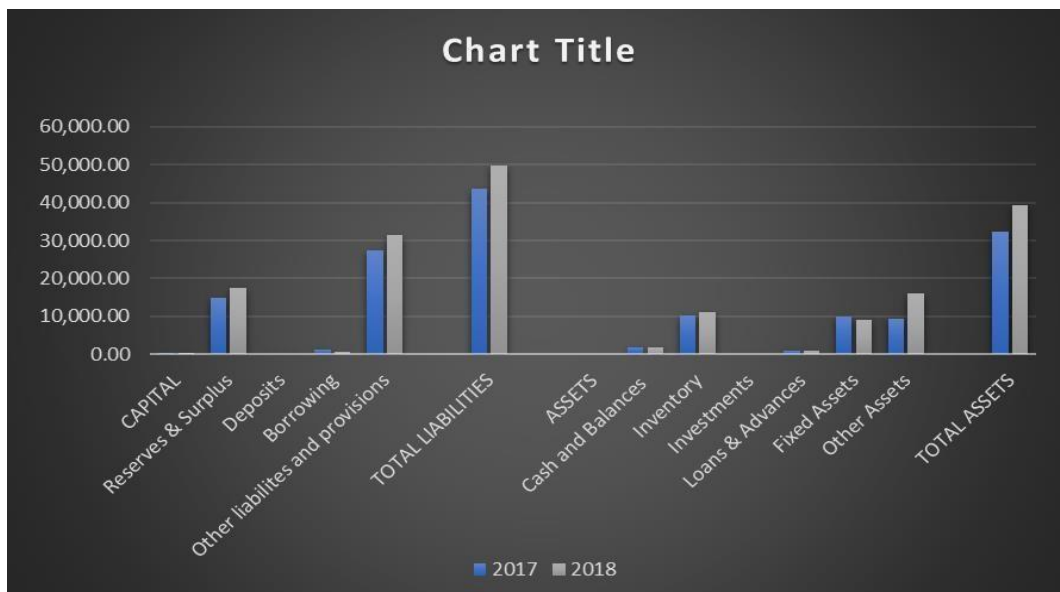
INTERPRETATION:

The cash flow record for past 5 years shows a fluctuating trend. The cash flow was highest during the year 2021-2022, whereas it was lowest during the year 2020-2021.

4.12 Table representing comparative balance sheet for the year 2017 and 2018

PARTICULARS	2017	2018	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.25	91.28	-56.97	-0.38
Reserves & Surplus	14,825.13	17,625.46	2,800.33	0.16
Borrowing	1,159.66	588.03	-571.63	-0.49
Other liabilities and provisions	27,528.97	31,331.95	3,802.98	0.14
TOTAL	43,662.01	49,636.72	5,974.71	0.14
ASSETS				
Cash and Balances with Reserve Bank of India	1838.1	1,941	103	0.06
Inventory	10234.33	11171.86	938	0.08
Loans & Advances	948.4	1,004	55	
Fixed Assets	9962.35	9,089.38	-873	-0.10
Other Assets	9,488	16,004	6,516	0.69
TOTAL	32,471	39,210	6,739	0.21

4.121 Chart representing comparative balance sheet for the year 2017 and 2018



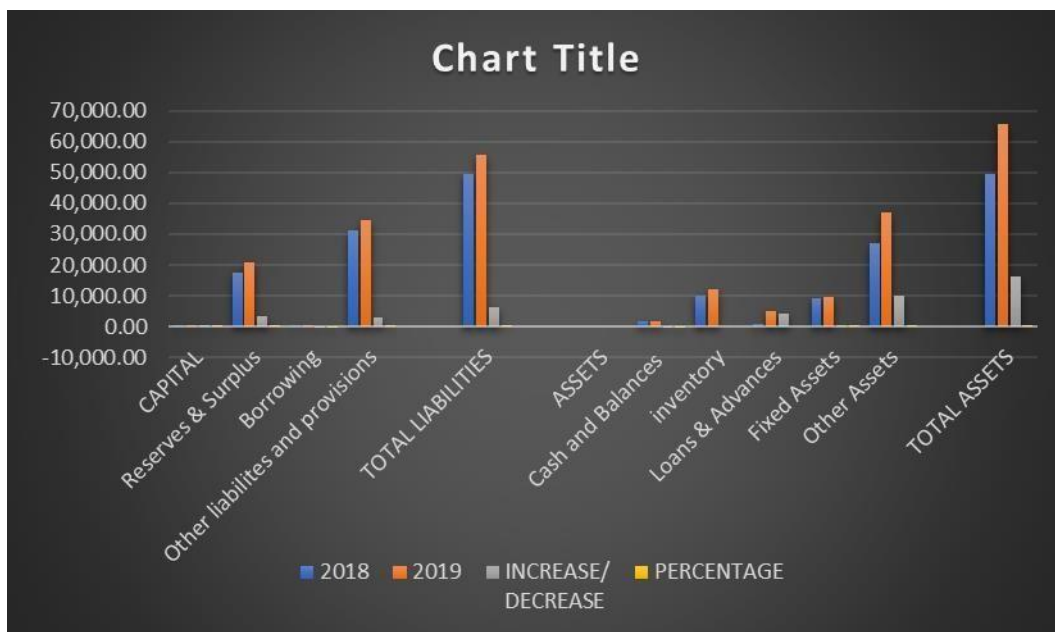
INTERPRETATION:

The value of other liabilities increased in the year 2017-2018, whereas the value of fixed assets has been decreased by 10%

4.13 Table representing Comparative balance sheet for the year 2018 and 2019

PARTICULARS	2018	2019	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	91.28	148.45	57.17	0.63
Reserves & Surplus	17,625.46	20,946.47	3,321.01	0.19
Borrowing	588.03	318.79	-269.24	-0.46
Other liabilities and provisions	31,331.95	34,344.29	3,012.34	0.10
TOTAL ASSETS	49,636.72	55,758.00	6,121.28	0.12
Cash and Balances with Reserve Bank of India	1,941.32	1,667.37	-273.95	-0.14
Inventory	10,234.33	12,129.30	1,894.97	0.19
Loans & Advances	948.40	5,074.07	4,125.67	
Fixed Assets	9,089.38	9,648.45	559.07	0.06
Other Assets	27,231.03	37,149.90	9,918.87	0.36
TOTAL	49,444.46	65,669.09	16,224.63	0.33

4.131 Chart representing comparative balance sheet for the year 2018 and 2019



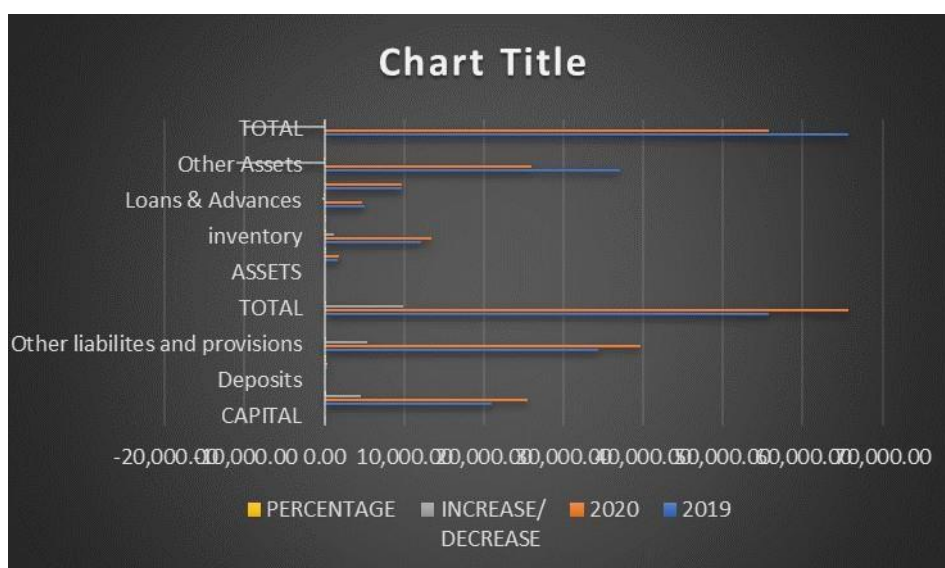
INTERPRETATION:

The value of borrowings has been decreased by 0.46%, whereas the values of inventory, loans and advances, fixed assets and other assets has been increased over time.

4.14 Table showing comparative balance sheet for the year 2019 and 2020

PARTICULARS	2019	2020	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.45	148.45	0.00	0.00
Reserves & Surplus	20,946.47	25,502.29	4,555.82	0.22
Deposits	0.00	0.00	0.00	0.00
Borrowing	318.79	330.61	11.82	0.04
Other liabilities and provisions	34,344.29	39,687.74	5,343.45	0.16
TOTAL	55,758.00	65,669.09	9,911.09	0.18
ASSETS				
Cash and Balances with Reserve Bank of India	1,667.37	1,782.81	115.44	0.07
inventory	12,129.30	13,352.08	1,222.78	0.10
Investments	0.00	121.16	121.16	0.00
Loans & Advances	5,074.07	4,809.36	-264.71	-0.05
Fixed Assets	9,648.45	9,648.45	0.00	0.00
Other Assets	37,149.90	26,044.14	-11,105.76	-0.30
TOTAL	65,669.09	55,758.00	-9,911.09	-0.15

4.141 Chart representing comparative balance sheet for the year 2017 and 2018



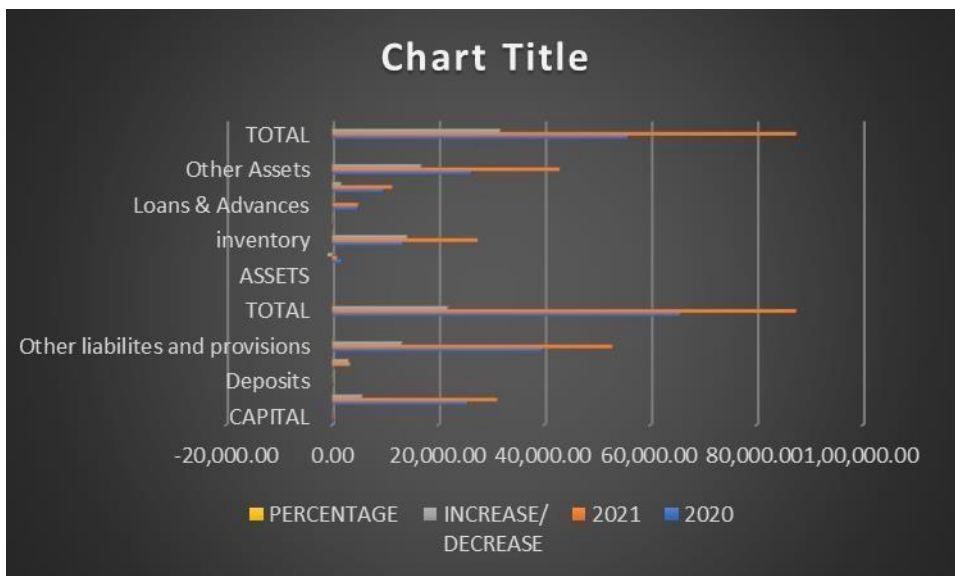
INTERPRETATION:

Total capital and liabilities have increased by 0.30% and total assets have decreased by 0.15%

4.15 Table showing Comparative balance sheet for the year 2020 and 2021

PARTICULARS	2020	2021	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.45	148.45	0.00	0.00
Reserves & Surplus	25,502.29	31,116.99	5,614.70	0.22
Deposits	0.00	0.00	0.00	0.00
Borrowing	330.61	3,354.17	3,023.56	9.15
Other liabilities and provisions	39,687.74	52,800.39	13,112.65	0.33
TOTAL	65,669.09	87,420.00	21,750.91	0.33
ASSETS				
Cash and Balances with Reserve Bank of India	1,782.81	899.00	-883.81	-0.50
Inventory	13,352.08	27,423.26	14,071.18	1.05
Investments	0.00	97.91	97.91	0.00
Loans & Advances	4,809.36	4,858.70	49.34	0.01
Fixed Assets	9,648.45	11,279.68	1,631.23	0.17
Other Assets	26,165.30	42,862.03	16,696.73	0.64
TOTAL	55,758.00	87,420.58	31,662.58	0.57

4.151 Chart showing Comparative balance sheet for the year 2020 and 2021



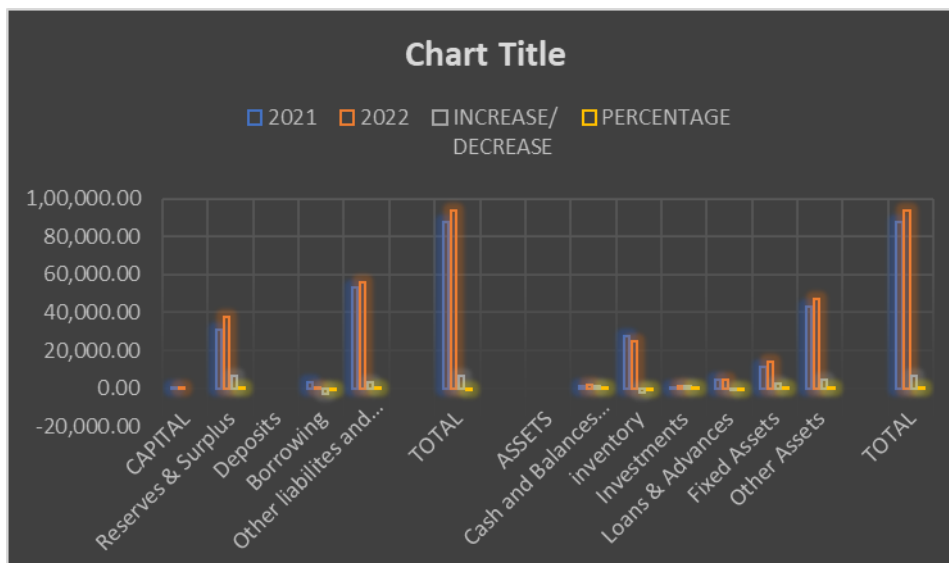
INTERPRETATION:

Total liabilities have increased by 0.33% and total assets increased by 0.57%

4.16 Table showing comparative balance sheet for the year 2021 and 2022

PARTICULARS	2021	2022	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.45	148.45	0.00	0.00
Reserves & Surplus	31,116.99	37,427.24	6,310.25	0.20
Deposits	0.00	0.00	0.00	0.00
Borrowing	3,354.17	266.50	-3,087.67	-0.92
Other liabilities and Provisions	52,800.39	56,074.97	3,274.58	0.06
TOTAL	87,420.00	93,917.16	6,497.16	-0.66
ASSETS				
Cash and Balances with Reserve Bank of India	899.00	2,167.15	1,268.15	1.41
Inventory	27,423.26	24,932.34	-2,490.92	-0.09
Investments	97.91	1,085.92	988.01	10.09
Loans & Advances	4,858.70	4,397.77	-460.93	-0.09
Fixed Assets	11,279.68	14,063.57	2,783.89	0.25
Other Assets	42,862.03	47,270.41	4,408.38	0.10
TOTAL	87,420.58	93,917.16	6,496.58	11.67

4.161 Chart showing comparative balance sheet for the year 2021 and 2022



INTERPRETATION:

Overall, the total capital and liabilities increased from 87,420.00 in 2021 to 93,917.16 in 2022, indicating a growth of 6,497.16 or -0.66%. Overall, the total assets increased from 87,420.58 in 2021 to 93,917.16 in 2022, indicating a growth of 6,496.58 or 11.67%.

CHAPTER-5

FINDINGS, SUGGESTIONS AND CONCLUSIONS

5.1 FINDINGS:

1. CURRENT RATIO: The current ratio has fluctuated over the years but has remained close to 1.3, which indicates that the company has had enough current assets to pay off its current liabilities. It is important to note that a high current ratio is not always a good thing, as it could indicate that the company has too much cash tied up in current assets that are not generating a return. Similarly, a low current ratio could indicate that the company is not able to pay off its short-term liabilities. Therefore, it is important to evaluate the current ratio in the context of the company's industry and overall financial situation.

2. QUICK RATIO: The quick ratio has also fluctuated over the years, with a low of 0.74 in 2020-2021 and a high of 0.92 in 2019-2020. Overall, the quick ratio has been lower than the current ratio, which indicates that the company's inventory makes up a significant portion of its current assets. This could mean that the company has a slower inventory turnover rate or that it relies heavily on inventory for its operations.

3. ABSOLUTE LIQUIDITY RATIO: The absolute liquidity ratio has also fluctuated over the years, with a low of 0.57 in 2017-2018 and a high of 0.99 in 2019-2020. The ratio has been lower than 1, which indicates that the company may not have enough cash and cash equivalents to pay off all of its current liabilities.

4. DEBT EQUITY RATIO: The debt-to-equity ratio has remained relatively consistent over the years, with a low of 1.06 in 2021-2022 and a high of 1.31 in 2019-2020. A debt-to-equity ratio of 1 indicates that the company has an equal amount of debt and equity financing, while a ratio greater than 1 indicates that the company has more debt than equity.

5. DEBT TO ASSET RATIO: The debt-to-asset ratio has fluctuated over the years, with a low of 0.57 in 2017-2018 and a high of 0.99 in 2019-2020. A high debt-to-asset ratio can indicate that a significant portion of the company's assets are financed through debt, which can make the company more vulnerable to economic downturns and financial distress. On the other hand, a low debt-to-asset

ratio may indicate that the company is underutilizing debt financing and may be missing out on potential growth opportunities.

6. GROSS PROFIT RATIO: The gross profit ratio has fluctuated over the years, with a high of 0.30 in 2019-2020 and a low of 0.22 in both 2017-2018 and 2021-2022. A high gross profit ratio indicates that the company is generating significant profits from its sales revenue after deducting the cost of goods sold, which is generally seen as a positive sign. However, a high gross profit ratio may also indicate that the company is charging high prices to customers or is not effectively managing its production costs.

7. NET PROFIT RATIO: the trend in the Net Profit Ratio over the past five years shows that the company experienced a high in 2018-2019, but then saw a decline in 2019-2020 and 2020-2021. However, the Net Profit Ratio increased in 2021-2022. Again, it's important to analyze other financial ratios and metrics in conjunction with the Net Profit Ratio to have a more comprehensive understanding of the company's financial performance.

8. RETURN ON ASSETS RATIO: we can see that the Return on Assets (ROA) for the company fluctuated over the past five years. The ROA for the company was 1.02 in 2017-2018, which then increased to 3.13 in 2018-2019, but decreased to 2.46 in 2019-2020. In 2020-2021, it further decreased to 1.96, and in 2021-2022, it decreased to 1.37.

9. RETURN ON CAPITAL EMPLOYED RATIO : Based on these figures, we can see that the company's ROCE has fluctuated over the years, with a peak in 2018-2019 and a low point in 2019-2020. However, the values are generally around 1, indicating that the company is generating profits from the capital it has invested.

10. FIXED ASSETS TURNOVER RATIO : we can see that the fixed assets turnover ratio for the company remained relatively stable over the years, with a slight dip in 2020-2021. In 2017-2018 and 2018-2019, the fixed assets turnover ratio was 4.97, which means that the company generated 4.97 times its average fixed assets in revenue during those years. In 2019-2020, the ratio decreased slightly to 4.78, indicating that the company was slightly less efficient in using its fixed assets to generate revenue. In 2020-2021, the ratio decreased further to

4.62, indicating a further decrease in efficiency. However, in 2021-2022, the ratio increased significantly to 4.94, indicating that the company was able to improve its efficiency in using its fixed assets to generate revenue. Overall, the company has been able to maintain a relatively stable fixed assets turnover ratio over the years, with some fluctuations.

11. CASH FLOW STATEMENT: The entity had a positive cash flow in all five years, meaning it had more cash coming in than going out. The cash flow decreased in 2019 compared to 2018, but increased again in 2020. The cash flow decreased significantly in 2021 compared to 2020, but then increased again in 2022.

SUGGESTIONS AND CONCLUSIONS:

Based on the financial ratios and findings from the comparative balance sheet and cash flow statement of Tropical Agrosystem, the following suggestions and conclusions can be drawn:

Liquidity Position: The current ratio, which measures the company's ability to meet short-term obligations, has fluctuated over the years but generally remains above 1, indicating that Tropical Agrosystem has sufficient current assets to cover its current liabilities. The quick ratio, which excludes inventory from current assets, has also shown fluctuations but remains relatively stable. Overall, Tropical Agrosystem should continue to monitor and manage its liquidity position carefully to ensure it has adequate resources to meet its short-term obligations.

Debt Management: The debt equity ratio, which measures the proportion of debt to equity in a company's capital structure, has generally decreased over the years, indicating a lower reliance on debt financing. This is a positive trend as it indicates lower financial risk and better debt management by Tropical Agrosystem. The company should continue to maintain a prudent approach to debt management and aim to keep the debt equity ratio at a reasonable level.

Return on Capital Employed (ROCE): The ROCE, which measures the profitability of a company's capital investments, has shown fluctuations over the years. While it has improved in some years, it has declined in others. Tropical Agrosystem should focus on improving its ROCE by effectively utilizing its capital investments to generate higher profits.

Fixed Assets: The comparative balance sheet shows a decrease in the value of fixed assets in 2017-2018 and an increase in subsequent years. This could indicate that Tropical Agrosystem has been investing in fixed assets to support its operations and growth. The company should continue to monitor and manage its fixed assets efficiently to ensure they contribute to its overall profitability and

growth.

Cash Flow: The cash flow statement shows fluctuations in cash flows from operations over the years, with a significant decrease in 2021. Tropical Agrosystem should closely analyze the factors affecting its cash flows, such as changes in sales, costs, and working capital management, and take appropriate measures to improve its cash flow position.

5.7 CONCLUSION:

Tropical agrosystem India pvt. ltd. should prioritize effective management of its current assets and liabilities to maintain a stable current ratio and explore ways to improve its quick ratio. it is essential for Tropical agrosystem India pvt. ltd. to address its weakening liquidity position by improving its cash flow and reducing its debt levels while maintaining a stable debt-to-asset ratio. Tropical agrosystem India pvt. ltd. should focus on improving profitability and roa by efficiently generating profits from its assets while monitoring its stockholders' equity and liabilities to maintain a healthy financial position. Tropical agrosystem india pvt. ltd. should continue investing in its future growth while reducing non-core business activities and balancing debt reduction and common stock repurchasing activities with its growth potential. it is important for Tropical agrosystem india pvt. ltd. to maintain a stable fixed asset turnover ratio and monitor its long-term debt levels to avoid potential impacts on its financial performance. Tropical agrosystem india pvt. ltd. should focus its efforts to maintain its financial stability, liquidity, and long-term growth potential. by monitoring its current assets and liabilities, investigating the factors behind the decrease in stockholders' equity, and managing its liabilities, Tropical agrosystem india pvt. ltd. can improve its financial position. it is also important for Tropical agrosystem india pvt. ltd. to monitor its long-term debt levels, reduce its current liabilities, and balance its debt reduction and common stock repurchasing activities with its growth potential. Tropical agrosystem india pvt. ltd. should continue to invest in its long-term growth by growing its current assets, managing its inventory and other current assets, and maintaining a consistent level of profitability going forward. overall, these suggestions can help Tropical agrosystem india pvt. ltd. maintains its financial stability and achieve sustainable long-term growth.

In conclusion, based on the financial ratios and findings, Tropical Agrosystem should focus on maintaining a healthy liquidity position, managing its debt levels, improving its return on capital employed, effectively managing its fixed assets, and optimizing its cash flow position. Regular monitoring and analysis of financial performance, along with prudent financial management strategies, can help Tropical Agrosystem achieve sustainable growth and profitability.

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ANNEXURE -1

BALANCE SHEET-2017

PARTICULARS	2017
CAPITAL & LIABILITIES	
CAPITAL	148.25
Reserves & Surplus	14,825.13
Borrowing	1,159.66
Other liabilities and provisions	27,528.97
TOTAL	43,662.01
ASSETS	
Cash and Balances with Reserve Bank of India	1838.1
Inventory	10234.33
Loans & Advances	948.4
Fixed Assets	9962.35
Other Assets	9,488
TOTAL	32,471

BALANCE SHEET-2018

PARTICULARS	2018
CAPITAL & LIABILITIES	
CAPITAL	91.28
Reserves & Surplus	17,625.46
Borrowing	588.03
Other liabilities and provisions	31,331.95
TOTAL ASSETS	49,636.72
Cash and Balances with Reserve Bank of India	1,941.32
Inventory	10,234.33
Loans & Advances	948.40
Fixed Assets	9,089.38
Other Assets	27,231.03
TOTAL	49,444.46

BALANCE SHEET-2019

PARTICULARS	2019
CAPITAL & LIABILITIES	
CAPITAL	148.45
Reserves & Surplus	20,946.47
Deposits	0.00
Borrowing	318.79
Other liabilities and provisions	34,344.29
TOTAL	55,758.00
ASSETS	
Cash and Balances with Reserve Bank of India	1,667.37
Inventory	12,129.30
Investments	0.00
Loans & Advances	5,074.07
Fixed Assets	9,648.45
Other Assets	37,149.90
TOTAL	65,669.09

BALANCE SHEET-2020

	2020
CAPITAL & LIABILITIES	
CAPITAL	148.45
Reserves & Surplus	25,502.29
Deposits	0.00
Borrowing	330.61
Other liabilities and provisions	39,687.74
TOTAL	65,669.09
ASSETS	
Cash and Balances with Reserve Bank of India	1,782.81
Inventory	13,352.08
Investments	0.00
Loans & Advances	4,809.36
Fixed Assets	9,648.45
Other Assets	26,165.30
TOTAL	55,758.00

BALANCE SHEET-2021

PARTICULARS	2021
CAPITAL & LIABILITIES	
CAPITAL	148.45
Reserves & Surplus	31,116.99
Deposits	0.00
Borrowing	3,354.17
Other liabilities and provisions	52,800.39
TOTAL	87,420.00
ASSETS	
Cash and Balances with Reserve Bank of India	899.00
Inventory	27,423.26
Investments	97.91
Loans & Advances	4,858.70
Fixed Assets	11,279.68
Other Assets	42,862.03
TOTAL	87,420.58

BALANCE SHEET-2022

	202 2
CAPITAL & LIABILITIES	
CAPITAL	148.45
Reserves & Surplus	37,427.24
Deposits	0.00
Borrowing	266.50
Other liabilities and provisions	56,074.97
TOTAL	93,917.16
ASSETS	
Cash and Balances with Reserve Bank of India	2,167.15
Inventory	24,932.34
Investments	1,085.92
Loans & Advances	4,397.77
Fixed Assets	14,063.57
Other Assets	47,270.41
TOTAL	93,917.16

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF THE TROPICAL AGROSYSTEM INDIA PVT. LTD.

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ABSTRACT

This study evaluates the financial performance of the company India pvt. Ltd. between 2017-2022 by analyzing financial ratios such as liquidity, solvency, profitability, and efficiency ratios. The research methodology utilized is based on a descriptive research design and a quantitative approach. The data is collected from the company's annual reports and financial statements and is analyzed using statistical tools such as Cash flow analysis, comparative balance sheet analysis and trend analysis. The study concludes that the company has maintained a stable financial position during the study period with positive trends in profitability and efficiency ratios. The company has a strong financial position and can meet its short-term and long-term obligations. The study recommends that the company should continue to focus on improving its profitability and efficiency ratios while maintaining its strong liquidity and solvency. Overall, the study suggests that the company is a financially sound company that has managed to maintain its stability and improve its financial performance over the years.

INTRODUCTION

Financial statements provide business owners with the basic tools for determining how well their operations perform at all times. Many entrepreneurs or small business owners do not realize that financial statements have a value that goes beyond their use as supporting documents to loan applications and tax returns. These statements are concise reports designed to summarize financial activities for specific periods. Owners and managers can use financial statement analysis to evaluate the past and current financial condition of their business, diagnose any existing financial problems, and forecast future trends in the firm's financial position. Evaluation pinpoints, in financial terms, where the firm has been and where it is today. Diagnosis determines the causes of the financial problems that statement analysis uncovers and suggests solutions for them.

REVIEW OF LITERATURE

"Impact of COVID-19 on the Financial Performance of Indian Banking Sector" by R. V. Vidya and R. Ravi Kumar (2021): This study examines the impact of the COVID-19 pandemic on the financial performance of Indian banks using financial ratios such as profitability, efficiency, liquidity, and solvency ratios. The authors find that the banks have experienced a decline in profitability and liquidity ratios due to the pandemic's economic impact, but their solvency ratios have remained strong.

"Financial Performance Analysis of Select Indian Automobile Companies" by S. Sathiyaseelan and K. Maheswaran (2020): This study analyzes the financial performance of selected Indian automobile companies using financial ratios such as profitability, efficiency, liquidity, and solvency ratios. The authors find that the companies have a stable financial position with positive trends in profitability and efficiency ratios.

"An Empirical Study of the Financial Performance of Indian Pharmaceutical Companies" by N. Nithya and M. Natarajan (2019): This study evaluates the financial performance of Indian pharmaceutical companies using financial ratios such as profitability, efficiency, liquidity, and solvency ratios. The authors find that the companies have a stable financial position with positive trends in profitability and liquidity ratios.

"Financial Performance Analysis of Selected Non-Banking Financial Companies in India" by T. S. Saravanan and S. Suresh Kumar (2018): This study analyzes the financial performance of selected non-banking financial companies (NBFCs) in India. The authors use financial ratios such as profitability, efficiency, liquidity, and solvency ratios and find that the NBFCs have a strong financial position with high profitability and efficiency ratios.

"An Empirical Study of Financial Performance of Selected Indian Public Sector Banks" by Pankaj Kumar Jain and Rajeev Kumar Jain (2017): This study examines the financial performance of Indian public sector banks using financial ratios such as profitability, efficiency, liquidity, and solvency ratios. The authors find that the banks have experienced declining profitability and liquidity ratios, but their solvency ratios have remained strong.

NEED OF THE STUDY

- Financial analysis helps in evaluating the financial performance of the company over time in comparison with its past performance.
- Financial performance analysis provides valuable information to investors, creditors, and management to make informed decisions about investing, lending, or managing the company.
- Financial analysis can detect early warning signals of potential financial problems, such as declining liquidity or solvency.

OBJECTIVE OF THE STUDY

- To evaluate the financial health of the company by scrutinizing past and current financial statements.

- To measure the operating results of the enterprises.
- To predict a company's future performance based on past performance
- To facilitate control over the operation as well as resources of the business.

RESEARCH DESIGN

Descriptive design: This type of research design is used to describe the financial performance of a company. It involves summarizing and presenting the financial information in a meaningful way, such as through ratios and trends analysis.

- **Comparative design:** This research design is used to compare the financial performance of different companies or industries. It involves benchmarking a company's financial ratios and performance against those of its peers or industry standards.
- **Case study design:** This research design involves the in-depth analysis of a particular company's financial statements and performance, typically to understand the causes and implications of specific financial events or decisions.
- **Longitudinal design:** This type of research design involves the analysis of a company's financial performance over time, often to identify trends or patterns in its financial performance. It may involve the comparison of financial statements from multiple years or quarters.

SOURCES OF DATA

SECONDARY DATA:

Secondary data refers to the data that was collected by someone other than the user. Common sources of secondary data include census, information collected by government departments, organizational records and data that was originally collected for other research purposes.

Secondary data were obtained from: -

- Balance Sheet
- Annual Report
- Company Website

The study was done based on the financial data of 5 years Balance sheet and The Annual Reports of the company (2017-2022)

TOOLS USED FOR ANALYSIS:

- Ratio analysis
- Cash flow analysis
- Comparative balance sheet

DATA ANALYSIS AND INTERPRETATION:

Table 1 representing current ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
CURRENT RATIO	1.31	1.25	1.39	1.29	1.29

INTERPRETATION

The current ratio is highest for the year 2019-2020, with a value of 1.39

Table 2 representing debt equity ratio for the year 2018-2022

YEAR	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
DEBT EQUITY RATIO	1.21	1.21	1.31	1.15	1.06

INTERPRETATION

The debt-equity ratio is maximum for the year 2019-2020, with a value of 1.31

Table 3 representing net profit ratio for the year 2018-2022

YEAR	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022
Net Profit Ratio	1.19	6.18	3.6	2.33	3.05

INTERPRETATION

The net profit ratio is maximum in the year 2018-2019 with a value of 6.18

Table 4 representing return on capital employed ratio for the year 2018-2022

YEAR	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022
RETURN ON CAPITAL EMPLOYED	0.89	1.12	0.92	1.01	0.9

INTERPRETATION

The return of capital employed gained maximum return in the year 2018-2019, which is 1.12

Table 5 representing fixed asset turnover ratio for the year 2018-2022

YEAR	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022
FIXED ASSETS TURNOVER RATIO	4.97	4.97	4.78	4.62	4.94

INTERPRETATION

The fixed assets received a more or less same turnover over the past 5 years.

TABLE 6 showing cash flow analysis for the year 2018-2022

YEAR	2018	2019	2020	2021	2022
CASH FLOW	1941.91	1667.95	1783.85	899.57	2168.34

INTERPRETATION

The cash flow was maximum at the year 2021-2022, which is a value of 2168.34

TABLE 7 showing comparative balance sheet for the year 2019-2020

	2019	2020	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.45	148.45	0.00	0.00
Reserves & Surplus	20,946.47	25,502.29	4,555.82	0.22
Borrowing	318.79	330.61	11.82	0.04
Other liabilities and provisions	34,344.29	39,687.74	5,343.45	0.16
TOTAL	55,758.00	65,669.09	9,911.09	0.18
ASSETS				
Cash and Balances with Reserve Bank of India	1,667.37	1,782.81	115.44	0.07
inventory	12,129.30	13,352.08	1,222.78	0.10
Investments	0.00	121.16	121.16	0.00
Loans & Advances	5,074.07	4,809.36	-264.71	-0.05
Fixed Assets	9,648.45	9,648.45	0.00	0.00
Other Assets	37,149.90	26,044.14	-11,105.76	-0.30
TOTAL	65,669.09	55,758.00	-9,911.09	-0.15

INTERPRETATION:

Total capital and liabilities have increased by 0.30% and total assets have decreased by 0.15%

TABLE 8 showing comparative balance sheet for the year 2020-2021

PARTICULARS	2020	2021	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.45	148.45	0.00	0.00
Reserves & Surplus	25,502.29	31,116.99	5,614.70	0.22
Borrowing	330.61	3,354.17	3,023.56	9.15
Other liabilities and provisions	39,687.74	52,800.39	13,112.65	0.33
TOTAL	65,669.09	87,420.00	21,750.91	0.33
ASSETS				
Cash and Balances with Reserve Bank of India	1,782.81	899.00	-883.81	-0.50
inventory	13,352.08	27,423.26	14,071.18	1.05
Investments	0.00	97.91	97.91	0.00
Loans & Advances	4,809.36	4,858.70	49.34	0.01
Fixed Assets	9,648.45	11,279.68	1,631.23	0.17
Other Assets	26,165.30	42,862.03	16,696.73	0.64
TOTAL	55,758.00	87,420.58	31,662.58	0.57

INTERPRETATION

Total liabilities have increased by 0.33% and total assets increased by 0.57%

TABLE 9 showing comparative balance sheet for the year 2021 and 2022

PARTICULARS	2021	2022	INCREASE/ DECREASE	PERCENTAGE
CAPITAL & LIABILITIES				
CAPITAL	148.45	148.45	0.00	0.00
Reserves & Surplus	31,116.99	37,427.24	6,310.25	0.20
Borrowing	3,354.17	266.50	-3,087.67	-0.92
Other liabilities and provisions	52,800.39	56,074.97	3,274.58	0.06
TOTAL	87,420.00	93,917.16	6,497.16	-0.66
ASSETS				
Cash and Balances with Reserve Bank of India	899.00	2,167.15	1,268.15	1.41
inventory	27,423.26	24,932.34	-2,490.92	-0.09
Investments	97.91	1,085.92	988.01	10.09
Loans & Advances	4,858.70	4,397.77	-460.93	-0.09
Fixed Assets	11,279.68	14,063.57	2,783.89	0.25
Other Assets	42,862.03	47,270.41	4,408.38	0.10
TOTAL	87,420.58	93,917.16	6,496.58	11.67

INTERPRETATION

The total assets increased from 87,420.58 in 2021 to 93,917.16 in 2022, indicating a growth of 6,496.58 or 11.67%.

FINDINGS

- The current ratio has fluctuated over the years but has remained close to 1.3, which indicates that the company has had enough current assets to pay off its current liabilities.
- A debt-to-equity ratio of 1 indicates that the company has an equal amount of debt and equity financing, while a ratio greater than 1 indicates that the company has more debt than equity.
- The trend in the Net Profit Ratio over the past five years shows that the company experienced a high in 2018-2019, but then saw a decline in 2019-2020 and 2020-2021.
- The values of return on capital employed ratio are generally around 1, indicating that the company is generating profits from the capital it has invested.
- The company has been able to maintain a relatively stable fixed assets turnover ratio over the years, with some fluctuations.
- The entity had a positive cash flow in all five years, meaning it had more cash coming in than going out.

SUGGESTIONS

- The company should continue to monitor and manage its liquidity position carefully to ensure it has adequate resources to meet its short-term obligations.
- The company should continue to maintain a prudent approach to debt management and aim to keep the debt equity ratio at a reasonable level.
- The company should focus on improving its ROCE by effectively utilizing its capital investments to generate higher profits.
- The company should continue to monitor and manage its fixed assets efficiently to ensure they contribute to its overall profitability and growth.
- The company should closely analyze the factors affecting its cash flows, such as changes in sales, costs, and working

capital management, and take appropriate measures to improve its cash flow position.

LIMITATIONS OF THE STUDY:

- The study has been based on secondary data, so the current trend cannot be analysed.
- The data might not be accurate.
- The study has been based on the analysis made for only specified period.
- This study is only based on the study conducted in manufacturing sector.
- It might not be applicable to other sectors.

CONCLUSION:

In conclusion, based on the financial ratios and findings, The company should focus on maintaining a healthy liquidity position, managing its debt levels, improving its return on capital employed, effectively managing its fixed assets, and optimizing its cash flow position. Regular monitoring and analysis of financial performance, along with prudent financial management strategies, can help the company achieve sustainable growth and profitability.

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