

A STUDY ON FINANCIAL STATEMENT ANALYSIS OF SERTEL ELECTRONICS PRIVATE LIMITED

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

SWETHA.N
Register No: 39410215



SCHOOL OF BUSINESS ADMINISTRATION

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**

April - 2021

DECLARATION

I SWETHA.N (39410215) hereby declare that the Project Report entitled “**A STUDY ON FINANCIAL STATEMENT ANALYSIS OF SERTEL ELECTRONICS PRIVATE LIMITED**” done by me under the guidance of Dr. A. PALANI (Internal Guide) and Mr. Chandrasekar (accountant) (External Guide) at Sertel Electronics Private Limited, Perungudi Chennai, is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE:

PLACE:

SIGNATURE OF THE CANDIDATE



SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
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SCHOOL OF BUSINESS ADMINISTRATION

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of Ms. Swetha. N (39410215) who have done the Project work entitled **"A STUDY ON FINANCIAL STATEMENT ANALYSIS OF SERTEL ELECTRONICS PRIVATE LIMITED"** under my supervision from December 2020 to February 2021.

DR A. PALANI

Internal Guide

External Guide

Dr. BHUVANESWARI G.

Dean – School of Business Administration

Submitted for Viva voce Examination held on _____.

Internal Examiner

External Examiner

TO WHOMSOEVER IT MAY CONCERN

THIS IS TO CERTIFY THAT **Ms. SWETHA.N (Reg.No:39410215)**. WHO IS CURRENTLY PURSUING MASTER OF BUSINESS ADMINISTRATION (MBA), 2ND YEAR, FINAL SEMESTER, IN SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI-600 119. HAS JOINED US TO COMPLETE HER MAIN PROJECT (FINANCE) IN OUR ORGANISATION

WE WISH HER ALL THE WAY BEST TO COMPLETE HER PROJECT SUCCESSFULLY.

FOR SERTEL ELECTRONICS PRIVATE LIMITED

AUTHORISED SIGNATORY

DATED: 10.12.2020

PLACE: CHENNAI.



To Whomsoever it May concern

Dear Sir/ Madam,

With reference to the application by **Ms. SWETHA.N (Reg.No:39410215)**. WHO IS CURRENTLY PURSUING MASTER OF BUSINESS ADMINISTRATION (MBA), 2ND YEAR, FINAL SEMESTER,, from SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI-600 119. has completed her project work and report in our organisation for the duration of **10.12.2020 TO 10.02.2021**

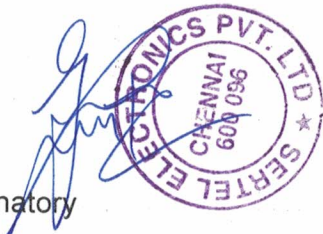
The project work carried by her was to the entire satisfaction of ours and we appreciate her sincere and excellent work in this regard.

We wish her all the very best in her future endeavors.

Thanking you,

For Sertel Electronics Private limited.

Authorised Signatory



Dated: 10.02.2021

Place: Chennai

ABSTRACT

The project entitled “**A STUDY ON FINANCIAL STATEMENT ANALYSIS OF SERTEL ELECTRONIC PRIVATE LIMITED**” has attempted to analyze the need and importance of financial performance and the present state of Sertel electronics private limited, Chennai. The study is fully based on secondary data from records, annual reports and profile of the company.

This study has been organized in to six chapters. The first chapter includes general introduction, industry profile, company profile, need and objective of the study. The second chapter is Review of literature this is based on the famous authors view about the financial performance and the journal information also included.

The third chapter is research methodology which includes research design, sources of data and tools used for analysis. The fourth chapter is Data analysis and interpretations which includes charts and tables. The fifth chapter is Findings, suggestions and conclusions.

The collected data has been analyzed using various statistical and financial tools like comparative statements, common size statements, and Ratio analysis. After analyzing the data, general specific findings are sought out through interpretation. Suggestions and recommendations are formulated from the summary of findings.

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A STUDY ON FINANCIAL STATEMENT ANALYSIS OF SERTEL ELECTRONICS PRIVATE LIMITED

1.1 INTRODUCTION

Financial statements are prepared primarily for decision making. Financial statement analysis refers to the process of determining financial strength and weakness of the firm by properly establishing strategic relationship between the items of the balance sheet and profit and loss account. There are various methods and techniques used in analyzing financial statements, such as comparative statements, trend analysis, common size statement, schedule of changes in working capital, fund flow and cash flow analysis, cost volume profit analysis and ratio analysis and other operative data the analysis of financial statement is used for decision making by various parties. In other words, business transactions are recorded on certain assumptions such as 'going concern', 'stable value of rupees' etc., these are reflected in the financial statements. The objectives of financial statement are to provide information about the financial position, performance and changes in financial position of the enterprise that is useful to a wide range of users in making economic decisions.

Financial statements may be used by users for different purposes:

- Owners and managers require financial statements to make important business decisions that affect its continued.
- Financial analysis is then performed on these statements to provide management with a more detailed understanding of the figures.
- These statements are also used as part of management's annual report to the stockholders.
- Employees also need these reports in making collective bargaining agreements with the management, in the case of labour unions or for individuals in discussing their compensation, promotion and rankings.
- Financial institutions use them to decide whether to grant a company with fresh working capital or extend debt securities (such as long-term bank loan or debentures) to finance expansion and other significant expenditures.

Financial Statements

As mentioned, there are three main financial statements that every company creates and monitors the balance sheet, income statement, and cash flow statement. Companies use these financial statements to manage the operations of their business and also to provide reporting transparency to their stakeholders. All three statements are interconnected and create different views of a company's activities and performance.

Balance Sheet

The balance sheet is a report of a company's financial worth in terms of book value. It is broken into three parts to include a company's assets, liabilities, and shareholders' equity. Short-term assets such as cash and accounts receivable can tell a lot about a company's operational efficiency. Liabilities include its expense arrangements and the debt capital it is paying off. Shareholder's equity includes details on equity capital investments and retained earnings from periodic net income. The balance sheet must balance with assets minus liabilities equaling shareholder's equity. The resulting shareholder's equity is considered a company's book value. This value is an important performance metric that increases or decreases with the financial activities of a company.

Income Statement

The income statement breaks down the revenue a company earns against the expenses involved in its business to provide a bottom line, net income profit or loss. The income statement is broken into three parts which help to analyse business efficiency at three different points. It begins with revenue and the direct costs associated with revenue to identify gross profit. It then moves to operating profit which subtracts indirect expenses such as marketing costs, general costs, and depreciation. Finally, it ends with net profit which deducts interest and taxes.

Basic analysis of the income statement usually involves the calculation of gross profit margin, operating profit margin, and net profit margin which each divide profit by revenue. Profit margin helps to show where company costs are low or high at different points of the operations.

Cash Flow Statement

The cash flow statement provides an overview of the company's cash flows from operating activities, investing activities, and financing activities. Net income is carried over to the cash flow statement where it is included as the top line item for operating activities. Like its title, investing activities include cash flows involved with firmwide investments. The financing activities section includes cash flow from both debt and equity financing. The bottom line shows how much cash a company has available.

Free Cash Flow and Other Valuation Statements

Companies and analysts also use free cash flow statements and other valuation statements to analyse the value of a company. Free cash flow statements arrive at a net present value by discounting the free cash flow a company is estimated to generate over time. Private companies may keep a valuation statement as they progress toward potentially going public.

1.1.1 Financial statement analysis:

“Analysis and interpretation of financial statements are an attempt to determine the significance and meaning of the financial statement data so that forecast may be made of the prospects for future earnings, ability to pay interest and debt maturities (both current and long term) and probability of a sound dividend policy.” - KENNADY & MULLER Tools for financial statement analysis: The history of financial statement analysis is traced back to the beginning of 20th century. The analysis was started in western countries for the use of credit analysis. Till 1914, the financial institutions used to rely on the facts of financial statements. But over a period of time, the need for analysis was felt and a number of techniques were invented and made use of the purpose of analysis.

The most important tools of analysis and interpretation of financial statements are listed below;

- Ratio analysis;
- Cash flow analysis;
- Fund flow analysis;

- Comparative financial statement;
- Common size analysis;
- Net working capital analysis;
- Trend analysis;

Ratio analysis: An analysis of financial statements based on ratio is known as ratio analysis. Ratio is a mathematical relationship between two or more items taken from the financial statements.

Cash Flow Analysis: It depicts the inflows and outflows of cash. Cash flow statement is the device for such analysis. It highlights causes which bring changes in cash position between two dates of balance sheet.

Fund flow analysis: A statement of sources and applications of fund is a technical device designed to analysis the changes in financial position of a business concern between two periods. **Comparative Financial Statements:** In this statement summaries and present related data for a number of years, incorporating therein changes in individual items of financial statements.

Common Size Statement:

It indicates the relationship of various items with some common items. In the income statements, the sale figure is taken as basis and all other figures are expressed as percentage of sales. **Networking capital analysis:** It is prepared from current assets and current liabilities on the specified dates to show net increase and decrease in working capital.

Trend analysis:

Trend analysis is significant for forecasting and budgeting. Trend analysis discloses the changes in financial and operating data between specific periods.

1.1.2 Limitations of Financial Statements:

Limitations of a financial statement analysis are as follows.

- Based on past data
- It cannot be a substitute for judgment

- Reliability of figures • Different interpretations
- Changes in accounting methods • Price level changes
- Balance sheet reveals the financial position of a firm on a particular day at the end of the accounting year
- Financial statement reflected the recorded facts and figures
- Financial statements do not keep with changing price levels

1.1.3 SIGNIFICANCE OF FINANCIAL PERFORMANCE MEASUREMENT:

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

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

Bond holders: interested in the cash-flow ability of the firm (appraisal of firm's capital structure, the major sources and uses of funds, profitability over time, and projection of future profitability)

Investors: interested in present and expected future earnings as well as stability of these earnings (appraisal of firm's profitability and financial condition)

Management: interested in internal control, better financial condition and better performance (appraisal of firm's present financial condition, evaluation of opportunities in relation to this current position, return on investment provided by various assets of the company etc.)

1.2 INDUSTRY PROFILE

The electronics industry is composed of organizations involved in the manufacture, design and development, assembly, and servicing of electronic equipment and components. Together, these organizations offer a wide variety of products that frequently have only one thing in common: They depend upon electronic technology to operate. Electronics is one of the fastest evolving and most innovative industries, and also one of the most competitive. The research and development of new, better products is of great importance in electronics, where companies often compete fiercely to bring the newest technology to market first.

Electronics is the branch of science and technology that deals with the study, application, and control of the conduction of electricity in a vacuum, in gases, in liquids, in semiconductors, and in conducting and superconducting materials. There are thousands of electronic products with countless applications. These products consist of materials, parts, components, subassemblies, and equipment that use the principles of electronics to perform their major functions.

As a whole, the goal of the industry is to meet the needs of electronics producers by providing electronic parts or products for sale. Much effort and money is put into research and development in order to produce improved parts and products, as well as to improve the process for producing them.

The electronics industry dates to the 1800s, when scientists first discovered that they could pass electricity through gas from one metal electrode to another. The first commercial vacuum tube was built in 1904 by John Ambrose Fleming, a British scientist, who used it to detect radio signals. Vacuum tubes continued to be the standard in the industry until the 1950s, when the first transistor and semiconductor diodes were invented and introduced. During this time, integrated circuits were also introduced. By the mid-1980s, other countries, such as Japan, had become serious competitors of U.S. companies when it came to electronics manufacturing. Modern markets are global ones, and companies both buy and sell parts and products to other countries. Many electronics manufacturing companies outsource parts, allowing them to be more competitive on the global market.

The electronics manufacturing industry can be divided into four primary segments: government products, industrial products, consumer products, and electronic components. Each category serves a specific market, which allows it to focus on components and products geared toward their customers. The government market is primarily developed for aircraft and military products, as well as communication technology and medical devices. Industrial products include large-scale computers, radio and television broadcasting equipment, telecommunications equipment, and electronic office equipment, while consumer products are the well-known televisions, cell phones, DVD players, smartphones, radios, video game systems, personal computers, electronic ovens, and home intercommunication and alarm systems. The final segment, that of components, are the manufacturers that produce and sell electron tubes, semiconductors, and passive components.

According to a 2019 report published by IBISWorld, the global consumer electronics manufacturing industry was valued at \$1.3 trillion. As the 2010s concluded, the industry consisted of about 9,269 businesses that collectively employed almost 16 million people. Growth was especially strong in emerging markets.

1.2.1 An overview of the Indian market

With the exponential rise in demand and supportive demand conditions, the Indian market is poised to grow considerably in the next five years, primarily on account of growing per capita incomes, the consumption of electronics goods (such as smartphones, consumer electronics, etc), and growing industrial demand.

Electronics trade

Of the total electronics demand in India, around 50 per cent is fulfilled by imports, whereas of the total local electronics production, 16 per cent is exported. The government of India is very keen to reduce electronics imports by creating a local ecosystem for electronics manufacturing.

Gradually, the growth rate in domestic production is outpacing growth in imports, which underscores the government's focus on endorsing new initiatives for the Indian electronics manufacturing industry. Currently, semiconductors and integrated

circuits (ICs) are the major products being imported, as India lacks the required ecosystem and technical know-how to produce them. Given the existing supply chain of electronics manufacturing in India, domestic production of semiconductors and ICs is yet to gain traction.

Here are some key insights into electronics trade in the Indian market:

- In FY 19, for the first time, electronics imports declined as compared to the previous year. In contrast, both electronics production and electronics exports increased compared with the previous year.
- In FY 18, 75 per cent of the total electronics imports constituted components, industrial electronics, strategic electronics and computer hardware. However, in FY 2019, for the first time, domestic production overtook imports largely due to the Make in India initiative and the reduction in mobile data costs.
- In the industrial electronics segment, the focus is shifting, particularly to solar and cleaner energy. In this segment, imports fulfil 50 per cent of the local demand.
- With India importing considerable volumes of medical electronic equipment from the US, it is estimated that imports in this category reached US\$ 5 billion in FY 18. This segment is expected to see high growth for local manufacturing.
- Computer hardware and software imports are significant due to the large scale commercial applications of PCs, laptops and enterprise solutions.
- With older lights such as CFLs and ILs becoming technologically obsolete, the trend is to move towards more energy-efficient and environmentally conscious products like LEDs.

India's major exports are to the US, which constituted 14 per cent of total electronics exports from the country in FY 19. India's import dependence on China has reduced significantly as imports from that country in FY 19 were 39 per cent of the total electronics imports, as compared to 59 per cent in FY 18.

The major imports included semiconductors, ICs, products for defence electronics, and mobile phones, in both FY 18 and FY 19.

1.2.2 Market segment analysis

The growth in the electronics industry in India is driven by the growth in specific segments. The growth of each segment is, in turn, dependent on the dynamics of the existing ecosystem, the number of organised players, the level of imports, and the government's focus on the respective segment.

Currently, communication and broadcast devices (mobile phones) as well as consumer electronics together contribute over 50 per cent of the Indian electronics industry's revenues. The other major segments include industrial electronics (18 per cent) and electronic components (15 per cent).

The industrial electronics segment has been growing on account of the increasing automation of manufacturing facilities coupled with an increasing focus on harnessing renewable energy. Strategic electronics is a closely guarded segment with few significant players and high barriers to entry. The segment focuses on products like defence equipment, radars, satellites, etc.

The computer hardware segment is a small but growing segment, and the growth can be attributed to the demand from SMEs and educational institutions. LED products have constantly been growing on account of the increasing focus on energy-efficient lighting products. There has been a proliferation of brands in this segment focusing on residential, commercial, and industrial products.

The Indian market growth has predominantly seen consumption-driven growth in the last several years. However, the government's support for the industry has been strong, with numerous conducive policies. Growth in our electronics manufacturing industry will establish India among the leading economies of the world. With this goal, it is expected that the growth momentum will be sustained over the coming decade.

As per a report published by the World Economic Forum, “The vision for the future of consumption in India is anchored in the growth of the upper-middle-income and high-income segments, which will grow from being one in four households today to one in two households by 2030.”

These new consumers will drive the demand for consumer appliances, such as air conditioners, washing machines, and others. These product categories are also the cornerstone of the boom in consumer electronics sales. While the growth is predominantly consumer-driven, the industry is also expected to drive innovation to increase the share of electronics across several applications. In the automotive industry, the government has released a draft notification to ban all internal combustion engine powered two-wheelers and three-wheelers by 2023 and 2025, respectively.

The proposed change has created the momentum to attract EV companies (manufacturers and their suppliers) to explore investments in Indian manufacturing. Similarly, a newer technology like 5G is likely to drive growth and consumption of the Indian electronics industry.

With future investments in semiconductors, electronic components and ICs, India is looking set to welcome another wave of growth in the electronics sector. This transition will be fuelled by a large young population, increasing research initiatives, and favourable investment policies. The impetus provided by the government will give further encouragement to domestic manufacturing as India prepares to be the next global hub for electronics production and exports.

1.2.3 Challenges

A complex value chain: The electronics industry is constantly changing due to disruptive innovation, thereby increasing the pressure on the value chain to upgrade continuously. The sourcing and contractual interdependencies between OEMs and suppliers are now more complex due to the highly advanced technology of the components, the number of components required for a single finished product, the level of aggregation or assembly required, and the need to adapt to changes in

product design. The Indian ecosystem for electronic components is still evolving and has a long way to go.

A capital-intensive industry with inadequate raw material availability: The electronics industry is primarily dependent on the number and competence of domestic chip fabrication centres (fab centres). Fab centres require a dedicated ecosystem, which involves investment, the know-how of chip fabrication, raw material supplies, continuity of demand, and unit upgradation competence. Given the current scenario, India lacks most of the necessary ammunition for the development of domestic chip fabrication units. Thus, the design and development of electronic products are often outsourced to ODMs (original design manufacturers) in other countries with stronger designing and manufacturing capabilities.

Sustainability: Emerging regulations and standards for cleaner and greener technology are forcing companies to be accountable for the manufacturing process as well as the final product. The entire recycling and disposal process for electronics needs to be considered as a vital part of the product life cycle.

E-waste management: India ranks fifth globally among top e-waste producing nations. The exponential increase in the quantum of e-waste is driven by the rise in usage as well as the growing pace of upgrades. Consumers are discarding old PCs, mobiles, tablets, and other electronics a lot sooner than before. However, with the awareness campaigns by Meity, e-waste management is gradually being taken seriously in the industry.

1.3 COMPANY PROFILE

Incorporated in the year 1990, Sertel Electronics (pvt) Limited (Chennai) has created a dignified position in the market. They are based out as a Private Limited Company and performing entire business activities from Chennai, Tamil Nadu (India). It is an equipment manufacturing company based in India (Chennai). It is a technology- oriented company who focus on R&D and High-tech Industrial Applications. It is one of the world's leading manufacturers of highly precise time stamping technologies, solutions for industrial instrumentations. It also has the distinct honour of being the first Indian company to manufacture GPS based time management systems. They have grown as a unit ever since then to become market leaders in India. They tailor their solutions for industry verticals such as power sectors, chemical industries, Oil & Gas, Telecom, Defence, civilian networks etc. They support customers with solutions in different parts of the world to monitor, generate, distribute and apply time.

The company is engaged in a wide gamut of Digital Slave Clock, NTP Server, Alarm Annunciator, GPS Master Clock and many more. With their extensive product and service, they have successfully engraved a niche in the market and are serving their valued clients with qualitative products and services. They deliver these products and services to their customers at competitive prices. Their offered products are manufactured by using premium quality material and advanced technologies in strict adherence with the several set norms. They also render the services by using the latest methodologies. They make sure that the services are quality approved and efficient. Further, their experienced quality examiners verify each product and services in detail prior to the final approval so as to ensure maximum benefits in favour of the customers. They serve their clients attentively and so as to attain their complete satisfaction.

1.3.1 QUALITY ASSURANCE

Their aim is to set benchmarking standards in the industry and they are doing this by adhering to the rigid quality norms. All their products are designed and developed by keeping the clients' best interest in mind and their diligent team members make sure to abide the robust set of rules to be on the clients' side. They make sure to

source the quality tested grades of raw materials and conduct rigorous tests and inspections on the finished product to outperform the competition

1.3.2 INFRASTRUCTURE

Their core strength lays in their next generation research and development capabilities which are the most important element of their infrastructure. Besides, their in-house manufacturing setup is strategically designed to uphold the desired levels of productivity. They have invested in highly productive and high-speed machines that are installed at their R&D units, and product testing, packaging and distribution departments.

1.3.3 TEAM

They are the most preferred equipment manufacturing company and due to the diligent perspectives of their team members they have become a preferred brand in the industry. Their mission to become a customer-oriented firm is strengthened by the collaborative efforts of their assiduous professionals who are engaged in exploring the scope of innovation. Further, their team comprises highly experienced technology specialists, R&D experts, inventory managers and quality assurance officers.

1.3.4 VISION:

Electronic Manufacturing Company will provide competitive, high quality electronic manufacturing services and individualized customer service, while encouraging employee creativity, motivation, and team work in a continuously improving environment.

1.3.5 MISSION:

1. Develop customer relationships which provide services tailored to specific customer needs;
2. Provide employees with on-going training to enhance knowledge and skills, develop problem solving and decision-making abilities, and offer opportunities for advancement;
3. Apply cost effective production systems and sound fiscal planning;

4. Utilize Continuous Process Improvement strategies to ensure the highest quality products and services.

VALUES:

1. Work closely with our customers to understand their needs and provide high quality products services.

2. Recognize the strengths of those we work with and focus our efforts on helping them overcome their weaknesses.

3. Treat all individuals with courtesy, dignity, and respect.

4. Work together as a team to provide quality services.

5. Recognize the value of all employees in attaining our goals.

6. Work cooperatively to solve problems and develop solutions.

7. Provide a work environment which motivates our employees and encourages independence, cooperation, respect, and humor.

1.3.6 COMPANY INFORMATION:

TABLE 2.1

1	Company Name	Sertel Electronics Pvt Ltd
2	Nature of Business	Electronics Manufacturer & Exporter
3	Additional Business	Electronics Service Provider
4	Class of Company	Private
5	Company Sub-Category	Private Limited
6	Legal Status of The Firm	Private Limited Company
7	Year of Establishment	1990
8	Age of The Company	31 Years

9	Company CEO & Director	R.Gopalan
10	Annual Turnover	Rs.6-7 Crores
11	ROC	ROC-Chennai
12	Total Number of Employees	200-300

Packaging/Payment And Shipment Details

1.Payment Mode

- Cash
- Cheque/DD
- NEFT/RTGS
- Credit 45 days

2. shipment mode

- By road
- By sea
- By air

Share Capital Details

Table 2.2

1	Authorised Capital	Rs.4000000
2	Paid-up Capital	Rs.2500000

Listing and Annual Compliance Details

Table 2.3

1	Date of Last Annual General Meeting	31.12.2020
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2	Date of Latest Balance Sheet	31.03.2020
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Director Details

Table 2.4

S.NO	NAME	DIN	DESIGNATION	APPOINTMENT DATE
1	RAMACHANDRAN GOPALAN	247976	CEO	18-04-1990
2	GOPALAN LALITHA	248034	Director	18-04-1990
3	SRINATH GOPALAN	2549599	Director	01-05-2009
4	GOPALAN SRIKANTH	5187918	Director	02-04-2012

Symbol:



Fig 2.1

Certificates:

The national small industries corporation limited

NSIC राष्‍ट्रीय लघु उद्योग निगम लिमिटेड
THE NATIONAL SMALL INDUSTRIES CORPORATION LIMITED
 (A Government of India Enterprise)
 New No. 422, (Old No. 619), Anna Salai, Chennai - 600 096, Ph : 2629 4561, 2629 3347, Fax : 2629 3347
GOVERNMENT PURCHASE ENLISTMENT CERTIFICATE
 (Valid for 2 Years from the date of issue)

Ref No: NSIC/BDC/OP/ 17(3330)/92 Date: 19-03-2010
 Factory Address:

SERTEL ELECTRONICS PVT LTD
 377, NEHRU NAGAR FIRST CROSS STREET
 OLD MAHABALIPURAM ROAD
 CHENNAI
 600096

SERTEL ELECTRONICS PVT LTD
 377, NEHRU NAGAR FIRST CROSS STREET
 OLD MAHABALIPURAM ROAD
 CHENNAI
 600096

Name of the Proprietor / Partners / Directors: Certificate of Registration under Single Point Registration Scheme units registered under this scheme and confounded to be at par with those registered directly with DGSI & S.

MR. S. GOPALAN
 MRS. S. LALITHA GOPALAN
 MRS. P. P. KALLAPRABHAKARAN
 MRS. S. SATHISH

MR. H. PRABHAKARAN

CONSTITUTION CODE: GOVERNMENT PURCHASE REGISTRATION NO: NSIC [C] GP / I 500637/92]

MONEYARY LIMIT: Rs. 16,20,00,000.00

TURNOVER (in Rupees) One crore(s) Sixty Two Lakh(s) only

2006-2007	-	277.62 Lakh
2007-2008	-	207.52 Lakh
2008-2009	-	288.49 Lakh

Your name has been registered as a SSI Unit eligible for participation in the Central Government Stores Purchase Programme as per the Single Point Registration Scheme for the following items / Stores:

Name of the Stores CODE	Specification	Qualitative Capacity	Quantitative Capacity P.M.
AS PER LIST ENCLOSED			

VALID UP TO: 18-03-2012
 Page: 1

(B. PALANISAMY)
 SENIOR QUARTER MASTER
 Authorized Signatory

Fig 2.2

Certificate of registration

GUARDIAN INDEPENDENT CERTIFICATION LTD.
CERTIFICATE OF REGISTRATION

The Quality Management Systems of
SERTEL ELECTRONICS PVT. LTD.
 No. 377, 1st Cross Street, Nehru Nagar, Old Mahabalipuram Road, Porur, Chennai - 600 096, Tamil Nadu, India

has been audited and found to conform to
ISO 9001:2008
 for the following activities

Design and Development, Manufacturing, Testing, Installation and Servicing of Global Positioning System (GPS) and Satellite Based Time Management System, Temperature Controllers, Recorders and Sensors, Variable Frequency Drive (VFD) Panels, Alarm Annunciator, Protocol Communication, Signal Multiplier and Isolators, Furnace Camera Systems

Date of Issue: 28 April 2016 Date of Expiry: 15 September 2018
 Initial Certification: 11 April 2013
 Certificate No. 689960

The validity of this certificate can be verified from the following website
www.gicg.co.uk

Guardian Independent Certification Ltd
 Registered in England
 Birmingham House 212-218 Broad Street, Birmingham B1 2JN, UK
 Accredited by Member of the UKAS

156619

Fig 2.3

1.4. PRODUCT PROFILE

1.4.1 SERTEL RANGE OF PRODUCTS

They have a team of world-class professionals who are engaged in presenting custom made and cost-effective product range. Thereby, they have established lasting alliances with a vast number of clients from diverse industrial terrains. They are a technology-oriented company backed with state of art advancements at their well-integrated setup that enables them to fulfil the demanding needs of timely delivery and best in class product range.

The following are the various products manufactured by the company:

1.GPS Time Synchronization System:

They are engaged in offering a wide series of GPS Time Synchronization Systems that are widely applauded for their optimum performance, robust construction and precise dimensions. The offered range Global Positioning System (GPS) Time Synchronization Systems is available in different configurations so as to cater to the diverse client needs.



Fig:2.4

FEATURES:

- Generates time stamp signals that synchronizes various network of electrical, computer, communication devices such as DCS, PLC, LAN, Computer Buses, RTU's etc and also various sizes of display units with different inputs such as NTP/IRIG-B/RS 232/RS 485 to many locations for time synchronization.
- Equipped with high precision and high stability OCXO, GPS is capable of performing with greater accuracy and tenacity during temporary signal loss.
- Provides output protocols such as IRIG-B, NTP/SNTP, RS 232, Pulse, DCF-77, BCD etc with accuracy of better than one microsecond.

2.Alarm Annunciator:

Being one of the renowned organizations in the industry, they are highly engaged in offering a unique range of **Alarm Annunciator**. Offered product is well-manufactured under the guidance of their highly experienced professionals using the qualitative grade factor inputs and high-end technology. Provided product finds its best usage in various alarm systems for some specific purposes. Further, in order to avoid any flaws, this product is rigorously tested by their experienced quality experts against various quality parameters.

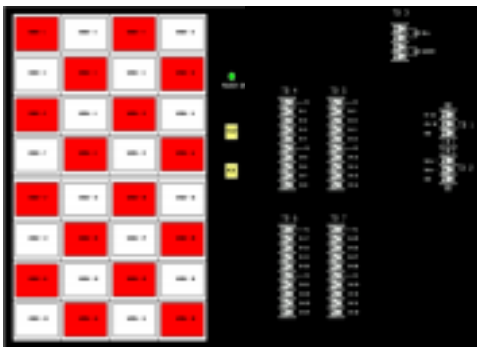


Fig:2.5

FEATURES:

- Fault Audio/Alarm Annunciator window of DIN standard and 30 x 50 window size.
- Any number of channels 8,16,32,64,128 to 600.
- Supports IEC 61850 Protocol on Ethernet Network, DNP3 protocol, RS 485 and Modbus Communication.
- GPS time stamped window with the accuracy of 1micro sec to replace SoE sequence recorder, Inbuilt SOE application.

3.SIGNAL ISOLATORS:

SERTEL Signal Isolators also called Instrumentation Isolators or field instruments are used to galvanically or optically separate the Input circuits from the output circuits. Moreover, if power-supply is separately provided, in some models, the power circuits also have no electrical connection to either the Input circuits or the Output circuits. Isolators are important bridges between the Transducers, such as Thermocouples, RTDS or other instruments and data collecting and control equipment like SCADA, DCS, Computers etc.



Fig 2.6

FEATURES:

- Process parameters with Auxiliary Power Isolator & Loop Power Isolator: Signal Isolator / Multiplexer with DIN Rail mount.
- Available with three Port Isolations: I/P to P/S, I/P to O/P, O/P to P/S.
- All ports are 2 KV isolated & Multiplies the signal of both power/process Industry to communicate current output over long distance to PLC, DCS, SCADA and Indicator, controller, Recorder.
- Maintains accuracy level of 1%, 0.5%, 0.125%, 0.05%, 0.025% & 0.01%

4.DISPLAY PANEL METER/INDICATOR:

A Display Panel Indicator digitally processes measurement data, such as an analog signal from a linear sensor (including a voltage and current), or a pulse signal. It then converts and displays the data. They can also act as interfaces by performing operations such as comparisons with user-set values, and transmitting data to computers and PLCs.

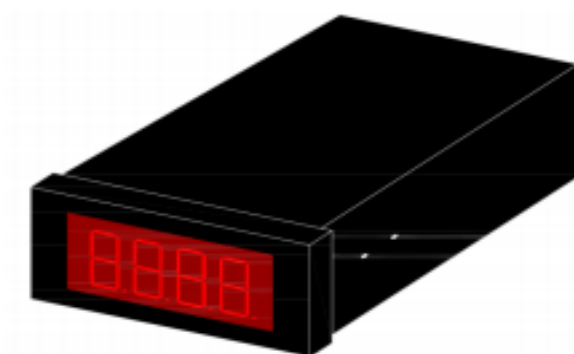


Fig: 2.7

FEATURES:

- Microcontroller based design with 24 bit Sigma-Delta ADC
- Maintains accuracy level of 0.01% without any fluctuations with low power consumption
- Available in various sizes of 24x48 mm, 24x72 mm, 24x96 mm, 48x96 mm, 48x144mm with Professional Alarm contacts and four relay outputs (L, LL, H, HH) and jumper selectable decimal point
- Energizing unit programmable at site (DIN Standard) Applications – Power sector, Railways, Navy and All Industries.

5.Furnace Flame Viewing Camera:

Leveraging on the competence of our skilled workforce, we have been engrossed in presenting to our customers a wide assortment of OFT12 Furnace Television System which is designed for installation in Reheating Furnaces, Incinerators and similar plants where the operating conditions does not necessarily demand the extra performance of water cooling and allows the cost benefits of a simpler system to be enjoyed.



Fig:2.8

FEATURES:

- Displays the high temperature furnace flame to monitor the scaling inside the furnace which consists of an air-cooling system and automatic retraction system.
- Used in Power generation boiler, installation in Reheating Furnaces, Incinerators with the state of art design customizable as per site condition.

- Automatic retraction system to prevent damage and provided with time stamping on DVR Systems.

6.Furnace Thermal Viewing IR Camera:

We are offering a wide range of Furnace Viewing Camera Television System which is a miniature solids state colour television camera contained within a water-cooled housing that is inserted through the furnace wall or roof to view the interior from a position that is effectively at the hot face of the refractory. A special lens views directly into the furnace through a small aperture in the housing, which is provided with a refrigerated air purge which exhausts through the viewing aperture and provides front end cooling for the lens as well as keeping it clean.



Fig: 2.9

FEATURES:

- Represents the current state of art in furnace and boiler viewing with Thermal analysis and temperature gradients at various points in a flame.
- HD IR camera with software to slow different temperatures at different colour points of the flame with Stainless steel triple flow design.
- Highly efficient air-cooling system and has a multilayer air jacket which provides cooling for operation at 2000 Deg Celsius and low-cost maintenance

7.Event Alarm Communicator:

Event Alarm Communicator gathers information from DCS, SCADA, IED's, DAP server, RTU Gateway and communicates them through MODBUS TCP/IP (or) RS 485 protocol. It can also collect data from Modbus data concentrator at user customizable intervals and is configurable through PC. MEAC-300 gathers all the event failures occurred and intimates those details through SMS / Email to key personnel for immediate action. The inputs will be in the form of Analog/ Digital values. In which if the analog value exceeds the maximum permissible value, that

corresponding event will be recorded and communicated through E-Mail /SMS. Provisions will be provided for the configuration of the MEAC System, for entering the user details such as Mobile No, Name, Mail ID etc. Options for setting the critical Parameters of SCADA has been included in the software. Status of MEAC such as GSM signal, MODBUS connection can be monitored through remote (MODBUS TCP/IP (or) RS 485) keeping MEAC as Server. LED status indication will be provided for SMS, EMail output. These are easily configurable, high speed communication, high resolution, and high accuracy and are highly secured with password.



Fig 2.10

FEATURES:

- It gathers data from Modbus database concentrator at intervals - 5sec/10 sec/20 sec etc. configurable through PC.
- Publishes it through SMS / Email which can intimate key personnel on an urgent basis for immediate action with Modbus RTU/ASCII/TCP/IP input signals. Input connection up to 16 DIO's, Analog Signals.
- Communication over Internet/GSM/3G networks with input connection up to 16 DIO's and Analog Signals.

8.Transformer Alarm Communicator:

This system transmits a general alarm signal to a central location in response to one of a plurality of alarm conditions without blocking the signal path, so that in the event of system failure the alarm signal will still be transmitted as a transformer alarm. The device provides a means to disable a particular alarm condition while allowing the remaining alarms to be monitored.



Fig 2.11

FEATURES:

- It gathers data from Master DM&NA panel collect various field inputs, it will process and transmit the status of each critical parameters through SMS
- Collects various fields on inputs such as potential free contacts and analog inputs from field devices and has in built signal conditioner with isolation for critical field inputs
- Applications – Transformer, Circuit Breaker, Production panel, Transformer tap changer panel

9.Grid Ex:

It is a digital multimeters and analyser for Smart Grid applications; it bridges the gap between the traditional power technology and digital communication. Network digital data is translated into upfront and intuitive information to support decisions for increased reliability and improved system utilization.

Entirely embedded stand-alone solution for secure connection to your IEC 61850 network, easy to use, versatile connections, instant start-up, error and inconsistencies detection, warning explanation, proactive analysis.



Fig: 2.12

FEATURES:

- A digital multimeter for Smart Grid, bridges the gap between traditional power technology and new digital communication.
- Complex data is translated into easily understandable information to support decisions for increased reliability and improved system utilization.
- Advanced aid and support error detection, inconsistencies, warning explanation, helpful comments and recommendations, intelligent, proactive analysis, valuable information with customized and robust embedded systems.

10.Online Display System:

The Online display system is used to displaying various data on Matrix LED display and LCD display for Power Plant. The parameter value receiving from the DCS system through OPC protocol and MODBUS RS485 protocol. The Online display system is used to display various data on Matrix LED display and LCD display for Power Plant. The parameter value receiving from the DCS system through OPC protocol and MODBUS RS485 protocol. The Online display system involved a Personal computer, interface unit, signal distribution unit, Matrix LED display unit for outdoor and LCD Display for indoor. Matrix LED display unit and LCD display is displayed parameter name and value in four pages with scrolling each page having four rows each row having 40 characters long. Personal computer is used to communicate with The user's DCS system and interfacing unit, file configuration of the OPC server / client, mathematical calculation of Received data. These product applications are Power sectors,Railways,Industries,Public Places like Playground, Bus Terminus,etc



Fig 2.13

FEATURES:

- Integration of Analog signal and digital signal to distance view LED/LCD Large screen 52" inch, LED Display, configuration of display as master/slave to have the entire plant uniform display of parameter of time, frequency, Data of engineering units.
- OPC data can also be integrated.

11.DISPLAY UNITS:

Time is an important factor in all organizations. A unique time displayed at all places in a working environment produces effective results.

Responding at the right instance of time to a critical operation saves machinery losses, finance and many other valuable assets.

SERTEL manufactures GPS based time display units that altogether are in synchronous with the UTC and always shows the right time at all places and at all instances.

Synchronized to the atomic clock in the satellites with very high accuracy, the level of reliability upon this time display units is enormous.

2.1 REVIEW OF LITERATURE

MARLLYN B. MISCH, CAROLYN A. GALANTINE (2009) in their study on A FINANCIAL STATEMENT ANALYSIS PROJECT FOR INTRODUCTORY FINANCIAL ACCOUNTING found that this paper describes a financial statement analysis project useful in both prepared based and user-based introductory courses in financial accounting.

GAUR JIGHYASU (2010) in their study on the financial performance measures of INDIA'S NON-METALLIC MINERAL PRODUCTS INDUSTRIES They examined the firm's financial performance measures using performance measures using operating profit and return on net worth, the size, leverage, working capital ratio and age of the firm are included as determinants of firm's performance

BANSAL AND GUPTA (2011) in their study entitled FINANCIAL RATIO ANALYSIS AND STATISTICS found that enlightened that the co-efficient of variation in the study period had a wide gap varying between 7.1 percent and 51.3 percent for the current ratio and ratio of fixed assets to sale. The correlation of components of short-term liquidity ratio generally possesses low correlation as against long term satisfactory correlation in cotton textile industry as compared to synthetic industry.

GOUTAM CHANDRA SAHA (2012) in their study on FINANCIAL ANALYSIS OF MINING PROJECTS found that Financial statements are official records of the financial actions of a company, firm or other unit over a period of time which provide a general idea of a company or person's financial situation in mutually short and long term. They give a precise representation of a company's condition and working results in a reduced form. Financial statements are used for supervision tool mainly by company executives and investor's in assess the overall situation and working results of the company.

ESHA SHARMA (2012) in their study on FINANCIAL ANALYSIS OF ICICI BANK found that the liberalized policy of the government of India permitted entry to the ICICI in banking; the industry has witnessed a generation of private players. The focus of these banks has always been centred on the customer. But to satisfy the customers and to operate other activities, the bank must have sufficient funds in its

accounts. That's why, in the present paper special emphasis has been laid down on the financial analysis of the bank by using different research and statistical tools.

AKASH DIXIT (2013) in their study on FINANCIAL STATEMENT ANALYSIS OF STATE BANK OF INDIA found that the banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. The purpose of the study is to examine the financial performance of SBI, public sector bank. The research is descriptive and analytical in nature. The data used for the study was entirely secondary innature. The present study is conducted to analyse the financial performance of SBI on the basis of ratios such as credit deposit, net profit margin etc. The period of study taken is from the year 2007-08 to 2011-12. The study found that SBI is performing well and financially sound.

MANISH ROY TIRKEY & NAEEM SABAH KHILKHAL (2014) in their study on FINANCIAL STATEMENT ANALYSIS OF ONGC LTD found that it is purely based on secondary data obtained through website of the specified private banks. By using the ratio analysis tool, we can analyse the performance of ONGC Ltd and we can easily find out the strength and weakness of the company and their position in the market. Different ratios are used in this study and particularly those which are related to the financial statement for this purpose balance sheet of 2010-2013 of ONGC Ltd. are used and from them ratios are calculated so according to which we can easily compare the performance.

ANUPA JAYAWARDHANA (2016) in their study on FINANCIAL PERFORMANCE ANALYSIS OF ADIDAS AG found that the financial statement indicates the balance sheet, income statement and the cash flow statement. Financial performance has been studied using horizontal analysis, vertical analysis, trend analysis and mainly ratio analysis to suggest improvements to increase finance flow, improve dividend and reduce liabilities. Main analysis is based on 2014 and 2013 financial years which are ending on 31st of December in every year. The latest performance being compared with company's statements over the last five years starting 2010 for showing trends. Finally, recommendations and suggestions have been made to ensure the revenue of the company and reduce the liabilities while improving the stability of the company.

DR. ASHOK KUMAR RATH (2016) in their study on FINANCIAL STATEMENT ANALYSIS OF TATA STEEL ODISHA PROJECT, KALINGA NAGAR found that India is one of the developing nations of the World. Globalization provides ample of opportunity to the Companies to expand overseas and enrich India with high Quality and World Class products by implementing state-of –art-technology. The Steel Giants of India are namely, Arcell or Mitttal, Tata Steel Ltd. & Steel Authority of India presenting India on the Global front. Tata steel is expanding its production capacity in India and has some Greenfield Steel Projects under implementation, including one at the Kalinga Nagar Industrial Complex at Duburi in Jajpur district. This project report is an effort to suggest the best financing option for the project expenditure of Rs.21200 Cr and to identify its financial strength and weaknesses with the help of various financial statement analysis tools and techniques.

DUSAN BARAN, ANDREJ PASTYR, DANIELA BARANOVA (2016) in their study on FINANCIAL ANALYSIS OF A SELECTED COMPANY found that the success of every business enterprise is directly related to the competencies of business management. The business enterprise can, as a result, create variations of how to approach the new complex and changing situations of success in the market. Therefore managers are trying during negative times to change their management approach, to ensure long-term and stable running of the business enterprise. They are forced to continuously maintain and obtain customers and suppliers. By implementing these measures they have the opportunity to achieve a competitive advantage over other business enterprises

OMAR ABDI DAHIR (2016) in their study on FINANCIAL RATIO ANALYSIS OF AXIS BANK found that In today's financial world, financial performance is a requirements amongst the perspective of various stakeholders, be it in the management, lenders, owners and investors' perspective, and it is out of analysis of financial statements. Axis Bank today is a leading player in Indian banking industry and is deeply engaged in human and economic development at the national level. The Bank works closely with although it is private. bank emerged as a pioneer venture on the horizon of offering an expanded range of banking products and financial services for corporate and retail customers through its diverse delivery channels and specialized subsidiaries in the areas of investment banking, asset management, venture capital and insurance. In the light of its strategic importance

in the nation interest, it is crucial to evaluate the financial performance of the Axis Bank. And the present study focused on operational control of the asset, profitability and solvency etc. This research paper is aimed to analyse and compare the Financial Performance of Axis Bank in five years period and offer suggestions for the improvement of efficiency in the Bank

SINGH AND HAMID (1992) AND SINGH (1995) have analysed the financing pattern of nine developing countries like India, Korea, Jordan, Pakistan, Thailand, Mexico, Malaysia, Turkey and Zimbabwe and found that in all these developing countries' corporations rely in general, very heavily on external funds and new issues of shares to finance their growth of net assets. They have also concluded that there were important differences between the two groups of corporations. Specifically, they suggested that less developed Corporations used both external finance and particularly equity finance to a much greater extent than their counterparts in advanced economies. Their findings were almost reverse of the Pecking Order pattern of finance observed for advanced country corporations. Corbett and Jenkinson (1994, 1997) have found that there is no market-based Anglo-US pattern of financing of industry. The corporations in Germany, the United Kingdom and the United States are internally financed with small or negative contributions from market sources, while Japanese corporations are more externally financed with both banks and markets contributing larger shares than in the former group. They have also found that there is little evidence to support the view that Germany is a bank financed system and that the UK or US are market financed. Over the period of 1980s, all countries, except Japan, have become more internally and less market financed.

A STUDY BY OPLER, SARON AND TITMAN (1997) highlights the importance of corporate liability management for creating value for shareholders. Their study covered analysis of optimal capital structure (debt equity mix) in such a way that the sum of taxes paid by the firm and the costs of financial distress are minimized.

A STUDY WAS CONDUCTED BY ECONOMIC TIMES OF 348 COMPANIES (which include Engineering companies also) for a period of 8 years. It was found that the net profit growth rate is not substantially different from growth rate of nominal GDP. The expectations during 2003 of nominal GDP growth over the next 3 to 4

years are about 10 to 12 %, with the real growth of about 6 to 7 %. And inflation of 4 to 5 %. The dividend yield of sample companies is about 3.5 % having increased from a less than 2 %, 5-6 years ago. Adding this to the expected earnings growth, the expected stock market investor mental programming of high return on equity investments.

MILLER AND MODIGLIANI (1961) have found dividend as irrelevant in a world without taxes, transaction cost or other market imperfections and added that the investment decision of the firm is not affected by the dividends because investors can homebrew their own dividends by selling a part from or borrowing against their portfolio. The firms that issue dividends would incur flotation costs on new securities they have to issue to keep their investment policy intact.

Robert Anthony, Professor of Accounting and Financial Control at Harvard University has written many authoritative books on accounting and financial management. He defines Accounting as a means of collecting, summarizing, analyzing and reporting in monetary terms, information about the business.

Another well-known publication on Financial Management, Financial Decision Making **By John Hampton (1983)** covers authoritative and lucid exposition on the subject covering: Financial accounting, Financial Statements, Financial analysis, Leverage, Working capital, capital Budgeting, valuation of the Firm, Mergers, acquisitions and reorganization And Financial decisions

Financial health will decide the repayment capacity of the debt sought by any business enterprise. **William Beaver** studied important ratios of 79 Companies. These ratios were important ratios which decided the success and failure of the concerned Companies. In the Indian context, LC Gupta attempted a refinement of Beaver's method with the objective of building a forewarning system of corporate sickness. A simple non-parametric test of measuring the relative differentiating power of the various financial ratios was used. The study covered cross section of companies falling under various industries. Another important research was carried out by E.I. Altman which is referred to as Multiple Discriminated Analysis (MDA). After studying 66 Companies, Altman concluded that a set of ratios can be developed which has failure predictive power. The mixed result of these five ratios was Z score, on the basis of which the firms can be classified either financially sound

or otherwise. Eltman found that a score above 2.675 was believed to be healthy. The score below this, warranted overall financial weakness. In Eltman's study, half of the firms became bankrupt. Eltman's study was refined later on in 1977 which is more broad and 70 % accurate. Many studies have taken place on the issue of methods, tools, techniques and practices of business performance appraisal of companies. This is critical, since this system plays a key role in developing strategic plans and evaluating the achievements of the firm.

Singh and Hamid (1992) and Singh (1995) have analyzed the financing pattern of nine developing countries like India, Korea, Jordan, Pakistan, Thailand, Mexico, Malaysia, Turkey and Zimbabwe and found that in all these developing countries' corporations rely in general, very heavily on external funds and new issues of shares to finance their growth of net assets. They have also concluded that there were important differences between the two groups of corporations. Specifically, they suggested that less developed Corporations used both external finance and particularly equity finance to a much greater extent than their counterparts in advanced economies. Their findings were almost reverse of the Pecking Order pattern of finance observed for advanced country corporations. Corbett and Jenkinson (1994, 1997) have found that there is no market-based Anglo-US pattern of financing of industry. The corporations in Germany, the United Kingdom and the United States are internally financed with small or negative contributions from market sources, while Japanese corporations are more externally financed with both banks and markets contributing larger shares than in the former group. They have also found that there is little evidence to support the view that Germany is a bank financed system and that the UK or US are market financed. Over the period of 1980s, all countries, except Japan, have become more internally and less market financed.

According to many industry experts the basic reason why many successful companies have collapsed is due to improper cash management. Having surplus cash in the current accounts are considered as a sign of efficiency of the companies but sitting on such large cash bank balance can turn out to be a disaster if not handled properly.

Sarah Fitz Patrick (2008) stated “cash flow planning is basically defined as anticipating the flow of cash into and out of an events budget. This enables to find expenditure such as marketing collateral and registrations in line with event timetable”. Managing the cash flow is vital to the success of any event and is an important way of foreseeing any event problems or possible cash shortages.

The Finance Editor Jill Andresky Fraser’s classic article on the topic “ the art of cash management” dive into forecasting your business- cash needs and learning how to handle a cash crisis assembled here are practical pieces of advice, tips and tricks from CEOs, and tools that you can use to get a handle on business Cash.

Michael F. Barnes in his book called cash management stated that Cash management should be considered as a profit center rather than a cost center, according to the author. He admits that this view is controversial among professional cash managers and can lead to excesses when expectations become unrealistic

Pindado (2001) argues that basic cash management refers to that part of the working capital that makes up the optimal level needed by a company treasury. However, if the profit opportunities available in the process of cash flow creation are to be maximized, this scope must be broadened to take in more operational decisions, since optimum cash levels are influenced by other factors outside the restrictive concept of "treasury". Linking these concepts with the concepts of monetary theory reveals that the initial reasons for cash management were transaction and precaution, and those reasons were then joined by speculation, taking it closer to the overall concept of treasury management in the broad sense of the term.

3.1 RESEARCH METHODOLOGY

Research methodology simply refers to the practical “how” of any given piece of research. More specifically, it’s about how a researcher systematically designs a study to ensure valid and reliable results that address the research aims and objectives.

Definition of research

According to Clifford Woody research is defined as comprises defining and refined problems formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, making detections and researching conclusion and at last carefully testing the conclusion to determine when they fit the formulating hypothesis.

Meaning of research methodology

Research Methodology is a way to systematically solve the research problem it may be understood as a science of study how research is done scientifically. Research methods may be understood as all those methods or techniques that are used for conduction of researchers use in performing research operations. Research methodology is the systematic gathering and analyzing of data about problems, formulating hypothesis and suggested solutions collecting, organizing and evaluating data, making deduction and reaching conclusion and carefully testing the conclusion to determine whether they fit the formulating hypothesis.

RESEARCH DESIGN

Choosing a design for the study is crucial step because, if a wrong decision is made the whole study may be criticized on the grounds of an appropriate design are even worse as been unscientific or illogical. It is descriptive in nature. It is difficult to generalize about research design because of wide variety of types of research. Basically however, research studies fall into broad categories empirical and analytical, empirical or experimental studies are conducted mainly in the quantitative type (science) subjects, whereas analytical or literary studies are generally conducted in the qualitative (arts) subject.

The objectives of the study listed above the exploratory research design has been adopted.

Exploratory research is one which is largely intercept and already available information and its lays particular emphases on analysis and interpretation of the existing and available information

3.2 OBJECTIVES OF THE STUDY

To Identify the Various Assets of sertel electronics private limited With Respect to Annual Reports of The Company.

To Analysis Comparative Study of Annual Reports,

To Evaluate the Profitability Position of Industry,

To Make Suggestion for Improve of Financial Statement.

3.3 SCOPE OF STUDY

The information relevant to the decision under consideration from total information contained in the financial statements

The information in a way to highlight significant

Interpretation and drawing if interfaces and conclusion

3.4 LIMITATION OF STUDY

The study is based on secondary data, obtained from the published report and as its findings depends entirely on the accuracy of such data.

Financial statement does not keep pace with the changing price level.

TOOLS OF FINANCIAL ANALYSIS

- 1.Comparative balance sheet
- 2.Common size balance sheet
- 3.Trend analysis
- 4.Working capital ratio
5. Fund flow and cash flow analysis

6. Ratio analysis

1. Comparative balance sheet

In this statement summaries and present related data for a number of years, incorporating therein changes in individual items of financial statements.

2. Common Size Statement:

It indicates the relationship of various items with some common items. In the income statements, the sale figure is taken as basis and all other figures are expressed as percentage of sales

3. Trend analysis:

Trend analysis is significant for forecasting and budgeting. Trend analysis discloses the changes in financial and operating data between specific periods

4. Working capital ratio:

The working capital ratio is a measure of liquidity, revealing whether a business can pay its obligations. The ratio is the relative proportion of an entity's current assets to its current liabilities, and shows the ability of a business to pay for its current liabilities with its current assets.

5. Fund flow and cash flow statement analysis:

A cash flow statement is a financial statement that summarizes the amount of cash and cash equivalents entering and leaving a company. The cash flow statement measures how well a company manages its cash position, meaning how well the company generates cash to pay its debt obligations and fund its operating expenses.

A fund flow statement is a statement prepared to analyse the reasons for changes in the financial position of a company between two balance sheets. It portrays the inflow and outflow of funds i.e. sources of funds and applications of funds for a particular period.

6. Ratio analysis:

An analysis of financial statements based on ratio is known as ratio analysis. Ratio is a mathematical relationship between two or more items taken from the financial statements

3.5 DATA COLLECTION METHOD

The main source of data for the study was secondary.

Drawn from the annual profit and loss account and balance sheet

Figures found in annual report of the selected units.

3.6 TOOLS ARE USED

- Comparative statement
- Common size statement
- Ratio analysis

4.1 DATA ANALYSES AND INTERPECTION

4.1.1 COMPARATIVE BALANCE SHEET 2014-2015

Table 4.1.1

PARTICULAR	2014	2015	INC /DEC	% IN CHANGE S
ASSETS(A)				
1.non current assets				
Fixed assets				
Tangible asset	10957179	8771848	2185331	19.94
Deferred tax asset	187615	229980	-42365	-22.58
Long-term loan and barrowing	10580294	10751328	-171034	-1.62
Other current asset	80153	79693	460	0.57
(A)	21805241	19832849	1972392	9.05
CURRENT ASSETS				
Inventories	937580	884710	52870	5.64
Trade receivable	22030445	11214393	10816052	49.10
Cash and cash equipment	950280	833340	116940	12.31
other current asset	6207814	4095233	2112581	34.03
(B)	30126119	17027676	13098443	43.48
TOTAL(A+B)	51931360	36860525	15070835	29.02
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	0	0.00
Reserve and Surplus	17657166	17340479	316687	1.79
(C)	20157166	19840479	316687	1.57
2. NON CURENT LIABILITIES				
Long-Term Borrowing	4518926	4736422	-217496	-4.81
(D)	4518926	4736422	-217496	-4.81
3.CURRENT LIABILITIES				
Short Term Borrowing	5498161	2421505	3076656	55.96
Trade Payable	20836248	6322589	14513659	69.66
Other Current Liabilities	920859	3155390	-2234531	-242.66
Short Term Provisions	0	384140	-384140	0.00
(E)	27255268	12283624	14971644	54.93
TOTAL (C+D+E)	51931360	36860525	15070835	29.02

INTERPRETATION

From the above table we can see the current assets have decreased by Rs 13098443 in the year 2015 over 2014. On the other hand, the current liabilities have decreased by Rs 14971644. Now, such a change does not have a negative impact on the liquidity position. This is because current assets have decreased by 43.48% whereas current liabilities have declined by 54.93%.

COMPARATIVE BALANCE SHEET 2015-2016

Table 4.1.2

PARTICULAR	2015	2016	INC /DEC	% IN CHANGES
ASSETS				
1.NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	8771848	9191268	-419420	104.78
Deferred Tax Asset	229980	260707	-30727	113.36
Long-Term Loan And Barrowing	10751328	13669067	-2917739	127.14
Other Current Asset	79693	55556	24137	69.71
(A)	19832849	23176598	-3343749	116.86
CURRENT ASSETS				
Inventories	884710	747680	137030	84.51
Trade Receivable	11214393	17694057	-6479664	157.78
Cash And Cash Equipment	833340	870592	-37252	104.47
Other Current Asset	4095233	6459375	-2364142	157.73
(B)	17027676	25771704	-8744028	151.35
TOTAL(A+B)	36860525	48948302	-12087777	132.79
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	0	100.00
Reserve and Surplus	17340479	16622202	718277	95.86
(C)	19840479	19122202	718277	96.38
2. NON CURENT LIABILITIES				
Long-Term Borrowing	4736422	12547088	-7810666	264.91
(D)	4736422	12547088	-7810666	264.91
3.CURRENT LIABILITIES				
Short Term Borrowing	2421505	1113785	1307720	46.00
Trade Payable	6322589	12572484	-6249895	198.85
Other Current Liabilities	3155390	2885895	269495	91.46
Short Term Provisions	384140	706848	-322708	184.01
(E)	12283624	17279012	-4995388	140.67
TOTAL (C+D+E)	36860525	48948302	-12087777	132.79

INTERPRETATION

From the above table we can see the current assets have decreased by Rs 8744028 in the year 2015 over 2016. On the other hand, the current liabilities have decreased by Rs 4995388. Now, such a change does not have a negative impact on the liquidity position. This is because current assets have decreased by 151.35% whereas current liabilities have declined by 140.67%.

COMPARATIVE BALANCE SHEET 2016-2017

Table 4.1.3

PARTICULAR	2016	2017	INC /DEC	% IN CHANGES
ASSETS				
1.NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	9191268	3246338	5944930	35.32
Deferred Tax Asset	260707	14677	246030	5.63
Long-Term Loan And Barrowing	13669067	12493324	1175743	91.40
Other Current Asset	55556	55556	0	100.00
(A)	23176598	15809895	7366703	68.21
CURRENT ASSETS				
Inventories	747680	1214400	-466720	162.42
Trade Receivable	17694057	21970146	-4276089	124.17
Cash And Cash Equipment	870592	1059203	-188611	121.66
Other Current Asset	6459375	3385982	3073393	52.42
(B)	25771704	27629731	-1858027	107.21
TOTAL (A+B)	48948302	43439626	5508676	88.75
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	0	100.00
Reserve and Surplus	16622202	10223707	6398495	61.51
(D)	19122202	12723707	6398495	66.54
2. NON CURENT LIABILITIES				
Long-Term Borrowing	12547088	4522219	8024869	36.04
Deferred Tax Liability	0	34911	-34911	0.00
(D)	12547088	4557130	7989958	36.32
3.CURRENT LIABILITIES				
Short Term Borrowing	1113785	3266042	-2152257	293.24
Trade Payable	12572484	9351394	3221090	74.38
OTHER CURRENT LIABILITIES	2885895	13389545	-10503650	463.97
Short Term Provisions	706848	151808	555040	21.48
(E)	17279012	26158789	-8879777	151.39
TOTAL (C+D+E)	48948302	43439626	5508676	88.75

INTERPRETATION:

From the above table we can see the current assets have decreased by Rs 1858027 in the year 2016 over 2017. On the other hand, the current liabilities have decreased by Rs 8879777. Now, such a change does not have a negative impact on the liquidity position. This is because current assets have decreased by 107.21% whereas current liabilities have declined by 151.39%

COMPARATIVE BALANCE SHEET 2017-2018

Table 4.1.4

PARTICULAR	2017	2018	INC /DEC	% IN CHANGES
ASSETS				
1.NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	3246338	55811075	-52564737	1719.20
Deferred Tax Asset	14677	18540	-3863	126.32
Long-Term Loan and Barrowing	12493324	13279809	-786485	106.30
Other Current Asset	55556	0	55556	0.00
(A)	15809895	69109424	-53299529	437.13
CURRENT ASSETS				
Inventories	1214400	965538	248862	79.51
Trade Receivable	21970146	30549957	-8579811	139.05
Cash And Cash Equipment	1059203	2524749	-1465546	238.36
Other Current Asset	3385982	907750	2478232	26.81
(B)	27629731	34947994	-7318263	126.49
TOTAL (A+B)	43439626	104057418	-60617792	239.54
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	0	100.00
Reserve and Surplus	10223707	68840826	-58617119	673.35
(D)	12723707	71340826	-58617119	560.69
2. NON CURENT LIABILITIES				
Long-Term Borrowing	4522219	10636382	-6114163	235.20
Deferred Tax Liability	34911	1365512	-1330601	3911.41
(D)	4557130	12001894	-7444764	263.37
3.CURRENT LIABILITIES				
Short Term Borrowing	3266042	0	3266042	0.00
Trade Payable	9351394	2579575	6771819	27.58
Other Current Liabilities	13389545	16731807	-3342262	124.96
Short Term Provisions	151808	1403316	-1251508	924.40
(E)	26158789	20714698	5444091	79.19
TOTAL (C+D+E)	43439626	104057418	-60617792	239.54

INTERPRETATION:

From the above table we can see the current assets have decreased by Rs 7318263 in the year 2017 over 2018. On the other hand, the current liabilities have increased by Rs 5444091. Now, such a change does not have a negative impact on the liquidity position. This is because current assets have decreased by 126.49% whereas current liabilities have declined by 79.19%.

COMPARATIVE BALANCE SHEET 2018-2019

Table 4.1.5

PARTICULAR	2018	2019	INC /DEC	% IN CHANGES
ASSETS				
1.NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	55811075	62064196	-6253121	111.20
Deferred Tax Asset	18540	15600	2940	84.14
Long-Term Loan and Barrowing	13279809	14205776	-925967	106.97
Other Current Asset	0	0	0	0.00
(A)	69109424	76285572	-7176148	110.38
CURRENT ASSETS				
Inventories	965538	1050519	-84981	108.80
Trade Receivable	30549957	24397984	6151973	79.86
Cash And Cash Equipment	2524749	55831	2468918	2.21
Other Current Asset	907750	1853908	-946158	204.23
(B)	34947994	27358242	7589752	78.28
TOTAL(A+B)	104057418	103643814	413604	99.60
EQUITY AND LIABAILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	0	100.00
Reserve and Surplus	68840826	69441327	-600501	100.87
(C)	71340826	71941327	-600501	100.84
2. NON CURENT LIABILITIES				
Long-Term Borrowing	10636382	8206134	2430248	77.15
Deferred Tax Liability	1365512	1091341	274171	79.92
(D)	12001894	9225475	2776419	76.87
3.CURRENT LIABILITIES				
Short Term Borrowing	0	284324	-284324	0.00
Trade Payable	2579575	4662636	-2083061	180.75
Other Current Liabilities	16731807	17494598	-762791	104.56
Short Term Provisions	1403316	35453	1367863	2.53
(E)	20714698	22477012	-1762314	108.51
TOTAL (C+D+E)	104057418	103643814	413604	99.60

INTERPRETATION:

From the above table we can see the current assets have increased by Rs 7589752 in the year 2018 over 2019. On the other hand, the current liabilities have decreased by Rs 1762314. Now, such a change does not have a negative impact on the liquidity position. This is because current assets have decreased by 78.28% whereas current liabilities have declined by 108.51%.

4.2 COMMON SIZE BALANCE SHEET 2014-2015

Table 4.2.1

PARTICULAR	2014	2015	% in 2014	% in 2015
ASSETS				
1. NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	10957179	8771848	21.10	23.80
Deferred Tax Asset	187615	229980	0.36	0.62
Long-Term Loan And Barrowing	10580294	10751328	20.37	29.17
Other Current Asset	80153	79693	0.15	0.22
CURRENT ASSETS				
Inventories	937580	884710	1.81	2.40
Trade Receivable	22030445	11214393	42.42	30.42
Cash And Cash Equipment	950280	833340	1.83	2.26
Other Current Asset	6207814	4095233	11.95	11.11
TOTAL ASSETS	51931360	36860525	100.00	100.00
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	4.81	6.78
Reserve and Surplus	17657166	17340479	34.00	47.04
2. NON CURENT LIABILITIES				
Long-Term Borrowing	4518926	4736422	8.70	12.85
3. CURRENT LIABILITIES				
Short Term Borrowing	5498161	2421505	10.59	6.57
Trade Payable	20836248	6322589	40.12	17.15
Other Current Liabilities	920859	3155390	1.77	8.56
Short Term Provisions	0	384140	0.00	1.04
TOTAL LIABILITIES	51931360	36860525	100	100

INTERPRETATION:

From the table above, we can deduce that cash represents 2.26% of the total assets while inventory represents 2.40% of the total assets. In the liabilities section, we can deduce that trade payable represents 17.15%, Other Current Liabilities 8.56%, Short Term Provisions 1.04% of the total liabilities. Therefore, the assets and liabilities are being increased satisfactorily

COMMON SIZE BALANCE SHEET 2015-2016

Table 4.2.2

PARTICULAR	2015	2016	% in 2015	% in 2016
ASSETS				
1.NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	8771848	9191268	23.80	18.78
Deferred Tax Asset	229980	260707	0.62	0.53
Long-Term Loan And Barrowing	10751328	13669067	29.17	27.93
Other Current Asset	79693	55556	0.22	0.11
CURRENT ASSETS				
Inventories	884710	747680	2.40	1.53
Trade Receivable	11214393	17694057	30.42	36.15
Cash And Cash Equipment	833340	870592	2.26	1.78
Other Current Asset	4095233	6459375	11.11	13.20
TOTAL ASSETS	36860525	48948302	100.00	100.00
EQUITY AND LIABILITIES				
Share Capital				
Share Capital	2500000	2500000	6.78	5.11
Reserve and Surplus	17340479	16622202	47.04	33.96
2. NON CURENT LIABILITIES				
Long-Term Borrowing	4736422	12547088	12.85	25.63
3.CURRENT LIABILITIES				
Short Term Borrowing				
Trade Payable	2421505	1113785	6.57	2.28
Other Current Liabilities	6322589	12572484	17.15	25.69
Short Term Provisions	3155390	2885895	8.56	5.90
2. NON CURENT LIABILITIES	384140	706848	1.04	1.44
TOTAL LIABILITIES	36860525	48948302	100.00	100.00

INTERPRETATION:

From the table above, we can deduce that cash represents 1.78% of the total assets while inventory represents 1.53% of the total assets. In the liabilities section, we can deduce that trade payable represents 2.28%, Other Current Liabilities 25.69%, Short Term Provisions 5.90% of the total liabilities. Therefore the assets and liabilities are being increased satisfactorily

COMMON SIZE BALANCE SHEET 2016-2017

Table 4.2.3

PARTICULAR	2016	2017	% in 2016	% in 2017
ASSETS				
1. NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	9191268	3246338	18.78	7.47
Deferred Tax Asset	260707	14677	0.53	0.03
Long-Term Loan And Barrowing	13669067	12493324	27.93	28.76
Other Current Asset	55556	55556	0.11	0.13
CURRENT ASSETS				
Inventories	747680	1214400	1.53	2.80
Trade Receivable	17694057	21970146	36.15	50.58
Cash And Cash Equipment	870592	1059203	1.78	2.44
Other Current Asset	6459375	3385982	13.20	7.79
TOTAL ASSETS	48948302	43439626	100.00	100.00
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	5.11	5.76
Reserve and Surplus	16622202	10223707	33.96	23.54
2. NON CURENT LIABILITIES				
Long-Term Borrowing	12547088	4522219	25.63	10.41
Deferred Tax	0	34911	0.00	0.08
3. CURRENT LIABILITIES				
Short Term Borrowing	1113785	3266042	2.28	7.52
Trade Payable	12572484	9351394	25.69	21.53
Other Current Liabilities	2885895	13389545	5.90	30.82
Short Term Provisions	706848	151808	1.44	0.35
TOTAL LIABILITIES	48948302	43439626	100.00	100.00

INTERPRETATION:

From the table above, we can deduce that cash represents 2.44% of the total assets while inventory represents 2.80% of the total assets. In the liabilities section, we can deduce that trade payable represents 21.53%, Other Current Liabilities 30.82%, Short Term Provisions 0.35% of the total liabilities. Therefore, the assets and liabilities are being increased satisfactorily.

COMMON SIZE BALANCE SHEET 2017-2018

Table 4.2.4

PARTICULAR	2017	2018	% in 2017	% in 2018
ASSETS				
1.NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	3246338	55811075	7.47	53.63
Deferred Tax Asset	14677	18540	0.03	0.02
Long-Term Loan And Barrowing	12493324	13279809	28.76	12.76
Other Current Asset	55556	0	0.13	0.00
CURRENT ASSETS				
Inventories	1214400	965538	2.80	0.93
Trade Receivable	21970146	30549957	50.58	29.36
Cash And Cash Equipment	1059203	2524749	2.44	2.43
Other Current Asset	3385982	907750	7.79	0.87
TOTAL ASSETS	43439626	104057418	100.00	100.00
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	5.76	2.40
Reserve and Surplus	10223707	68840826	23.54	66.16
2. NON CURENT LIABILITIES				
Long-Term Borrowing	4522219	10636382	10.41	10.22
Deferred Tax	34911	1365512	0.08	1.31
3.CURRENT LIABILITIES				
Short Term Borrowing	3266042	0	7.52	0.00
Trade Payable	9351394	2579575	21.53	2.48
Other Current Liabilities	13389545	16731807	30.82	16.08
Short Term Provisions	151808	1403316	0.35	1.35
TOTAL LIABILITIES	43439626	104057418	100.00	100.00

INTERPRETATION:

From the table above, we can deduce that cash represents 2.43% of the total assets while inventory represents 0.93% of the total assets. In the liabilities section, we can deduce that trade payable represents 2.48%, Other Current Liabilities 16.08%, Short Term Provisions 1.35% of the total liabilities. Therefore, the assets and liabilities are being increased satisfactorily

COMMON SIZE BALANCE SHEET 2018-2019

Table 4.2.5

PARTICULAR	2018	2019	% in 2018	% in 2019
ASSETS				
1. NON CURRENT ASSETS				
Fixed Assets				
Tangible Asset	55811075	62064196	53.63	59.88
Deferred Tax Asset	18540	15600	0.02	0.02
Long-Term Loan And Barrowing	13279809	14205776	12.76	13.71
Other Current Asset	0	0		0.00
CURRENT ASSETS				
Inventories	965538	1050519	0.93	1.01
Trade Receivable	30549957	24397984	29.36	23.54
Cash And Cash Equipment	2524749	55831	2.43	0.05
Other Current Asset	907750	1853908	0.87	1.79
TOTAL ASSETS	104057418	103643814	100.00	100.00
EQUITY AND LIABILITIES				
1. SHAREHOLDER'S FUND				
Share Capital	2500000	2500000	2.40	2.41
Reserve and Surplus	68840826	69441327	66.16	67.00
2. NON CURENT LIABILITIES				
Long-Term Borrowing	10636382	8206134	10.22	7.92
Deferred Tax	1365512	1019341	1.31	0.98
3. CURRENT LIABILITIES				
Short Term Borrowing	0	284324	0.00	0.27
Trade Payable	2579575	4662636	2.48	4.50
Other Current Liabilities	16731807	17494598	16.08	16.88
Short Term Provisions	1403316	35454	1.35	0.03
TOTAL LIABILITIES	104057418	103643814	100.00	100.00

INTERPRETATION:

From the table above, we can deduce that cash represents 0.05% of the total assets while inventory represents 1.01% of the total assets. In the liabilities section, we can deduce that trade payable represents 4.50%, Other Current Liabilities 16.88%, Short Term Provisions 0.03% of the total liabilities. Therefore, the assets and liabilities are being increased satisfactorily.

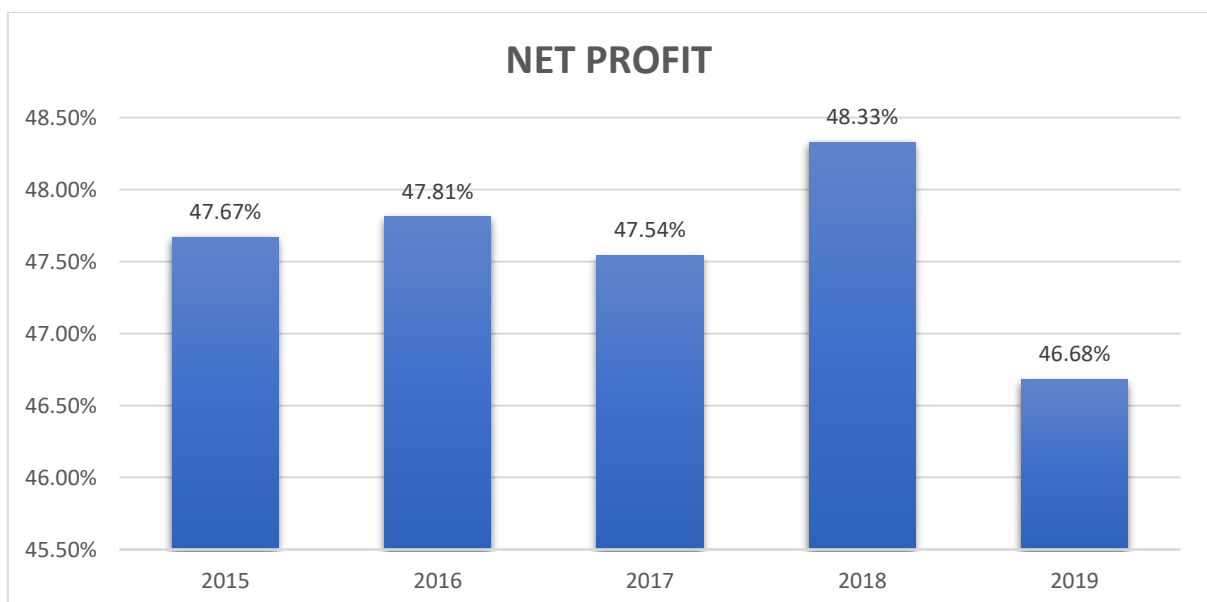
4.3 RATIO ANALYSIS

Net Profit Ratio

TABLE 4.3.1

YEAR	2015	2016	2017	2018	2019
Net Profit	59433889	35222787	47217728	52559937	65567971
Sales	12468764	73677687	99327523	108753178	140463969
Net Profit Ratio	47.67%	47.81%	47.54%	48.33%	46.68%

CHART 4.3.1



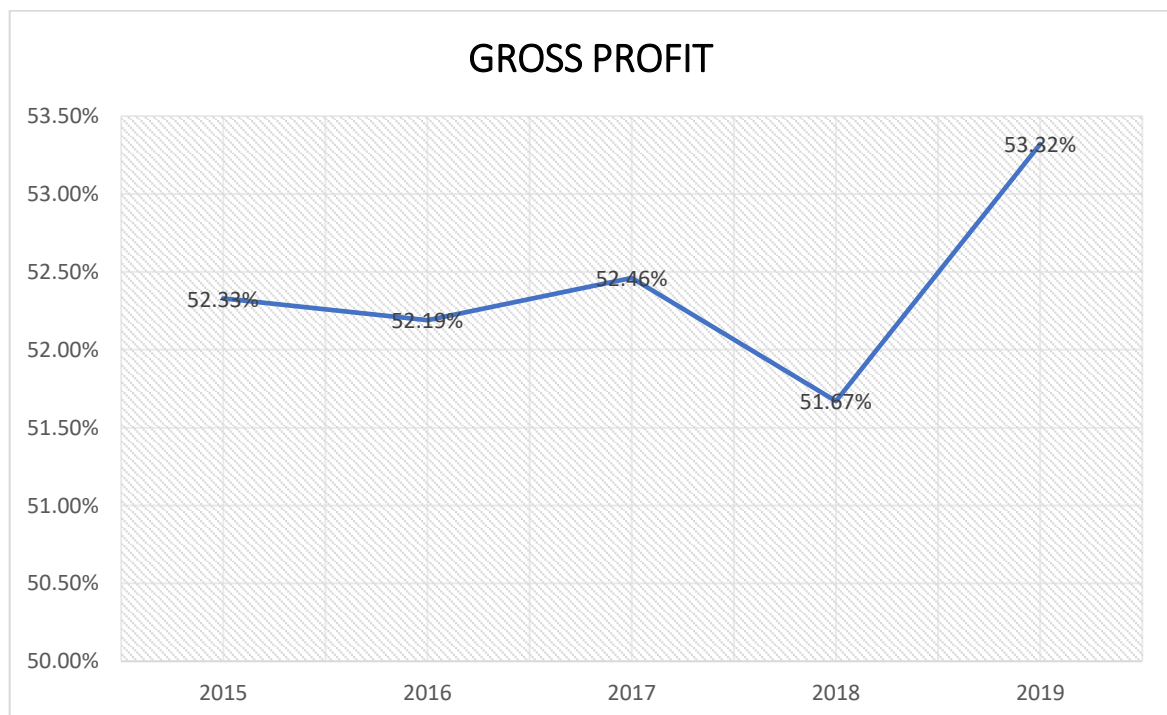
INTERPRETATION:

Table- 4.3.1 clearly indicates that there is a decreasing and increasing trend in the net profit ratio level. In the year 2015 the ratio was 47.67% and it decreased to 48.68% by the year 2019, a decrease of 0.98% over five years. The net sales have been increased sharply but the reason for decrease in net profit is due to the increase in credit sales, increase in debt.

Gross profit

Table 4.3.2

YEAR	2015	2016	2017	2018	2019
Gross Profit	65254875	38454900	52109795	56193241	74895998
Sales	12468764	73677687	99327523	108753178	140463969
Gross Profit ratio	52.33%	52.19%	52.46%	51.67%	53.32%



INTERPRETATION

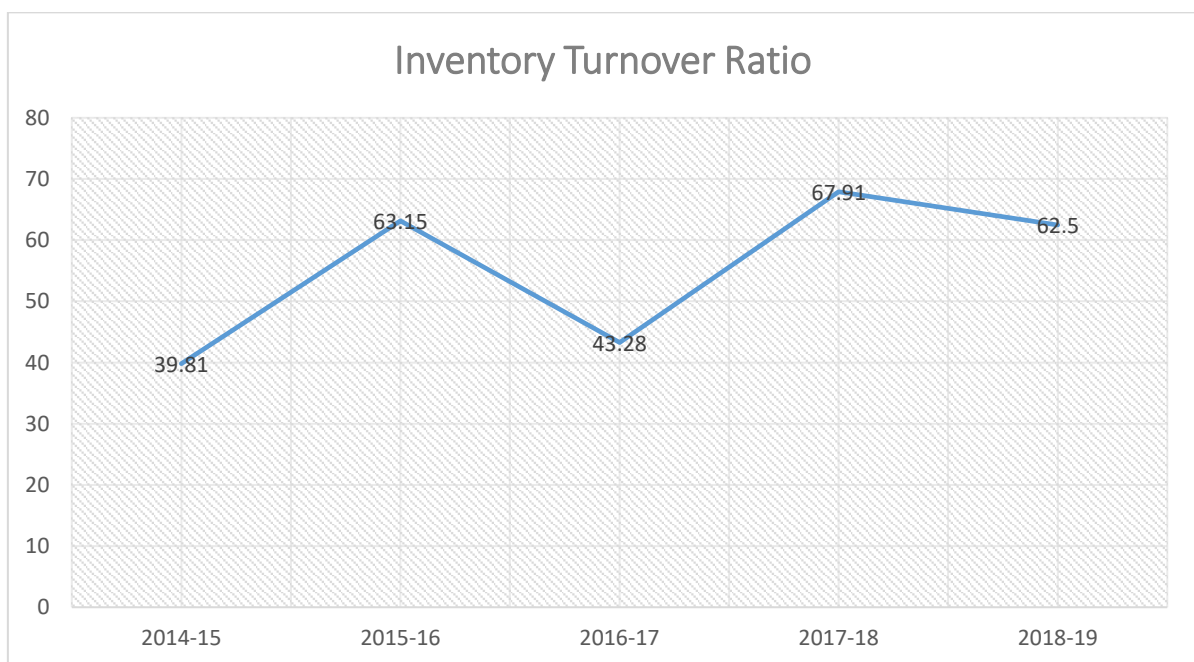
Table- 4.3.1 clearly indicates that there is a increasing trend in the gross profit ratio level. In the year 2015 the ratio was 52.33% and it decreased to 51.67% to the 2018 year. The profit has been increased sharply to the next year.

Inventory Turnover Ratio

Table 4.3.3

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Net Sales	35222787	47217728	52559937	65567971	65660584
Closing Inventories	884710	747680	1214400	965538	1050519
Inventory Turnover Ratio	39.81	63.15	43.28	67.91	62.5

Chart 4.3.3



INTERPRETATION:

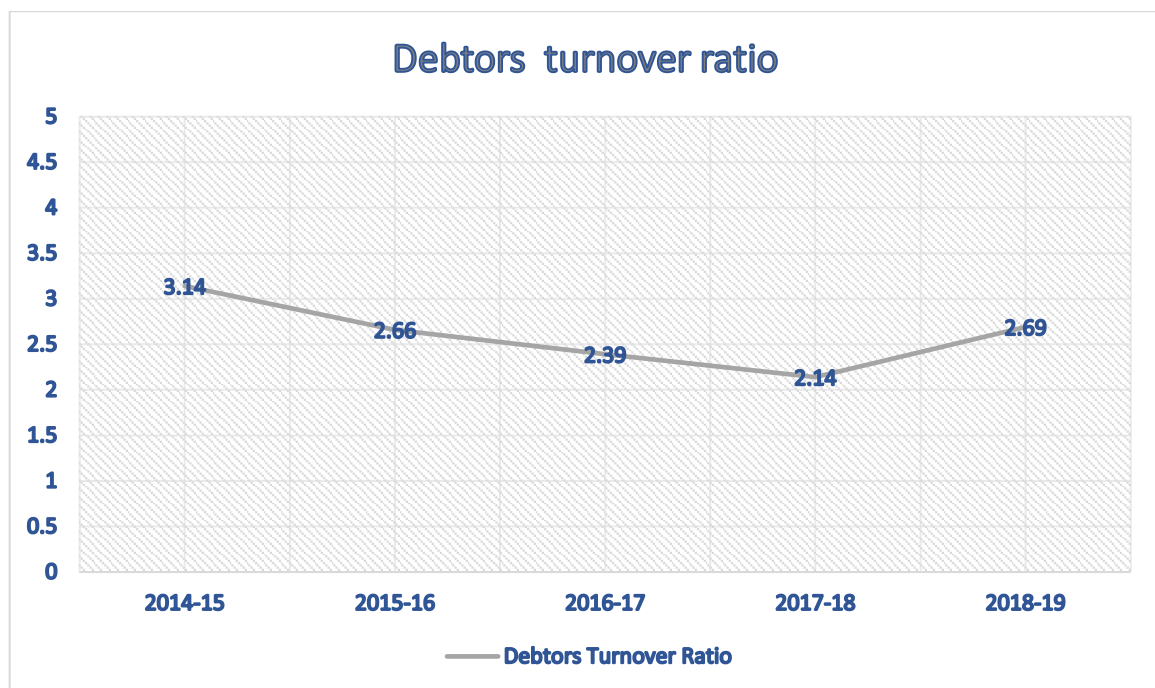
It is seen from the above chart that During the year 2014-15 the Inventory t/o ratio is 39.81 times, in the year 2015-16 it increased to 63.15 times, but in the year 2016-17 it decreased to 43.28 times. There was a subsequent increase in the year 2017-18 and 2018-19 to 67.91 times and 62.5 times respectively. This shows the company has more sales.

Debtor's turnover ratio.

Table 4.3.4

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Net Sales	35222787	47217728	52559937	65567971	65660584
Avg. Debtors	11214393	17694057	21970146	30549957	24397984
Debtors Turnover Ratio	3.14	2.66	2.39	2.14	2.69

Chart 4.3.4



INTERPRETATION:

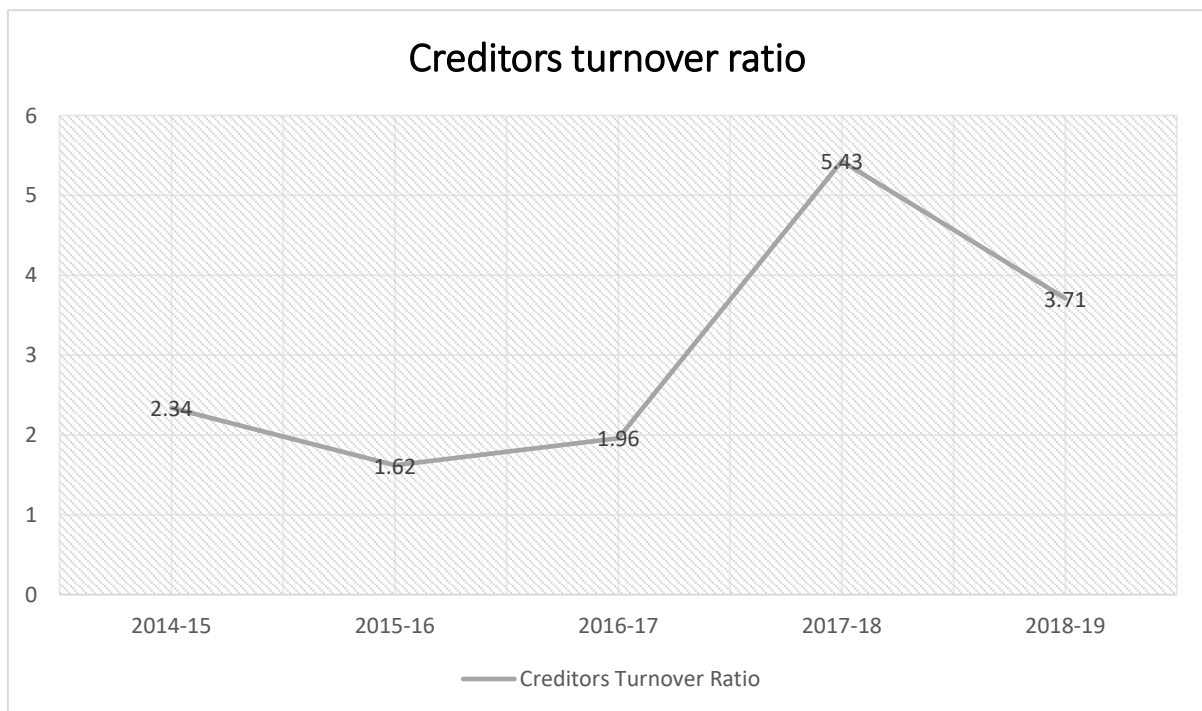
It is clear that the debtor turnover ratio fluctuated over the years. It was 3.14 times in the year 2014-15. It decreased to 2.66 times in the year 2015-16, It again decreased to 2.39 times in the year 2016-17 and it decreased to 2.14 times in the year 2017-18 and it increased to 2.69 Times in the year 2018-19 This shows the company is not collecting debt rapidly.

Creditors Turnover Ratio:

Table 4.3.5

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Net Purchases	14831551	20418775	18400133	14023328	17327945
Avg. Creditors	6322589	12572484	9351394	2579575	4662636
Creditors Turnover Ratio	2.34	1.62	1.96	5.43	3.71

Chart 4..3.5



INTERPRETATION:

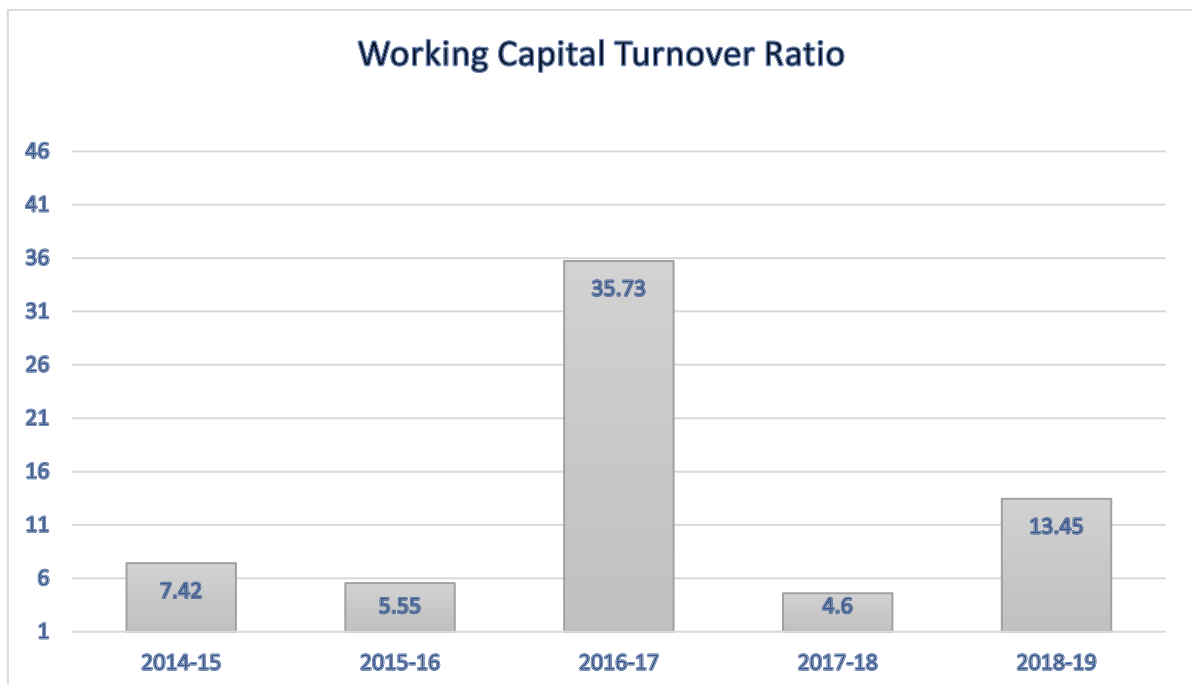
It is clear that the creditor turnover ratio changed over the years. It was 2.34 times in the year 2014-15. It decreased to 1.62 times in the year 2015-16, there was a subsequent increase in the year 2016-17 and 2017-18 to 1.96 times and 5.43 times respectively. In the year 2018-19 it decreased to 3.71. It shows that the company has made prompt payment to the creditors.

Working Capital Turnover Ratio:

Table 4.3.6

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Net Sales	35222787	47217728	52559937	65567971	65660584
Net Working Capital	4744052	8492692	1470942	14233296	4881231
Working Capital Turnover Ratio	7.42	5.55	35.73	4.6	13.45

Chart 4.3.6



INTERPRETATION:

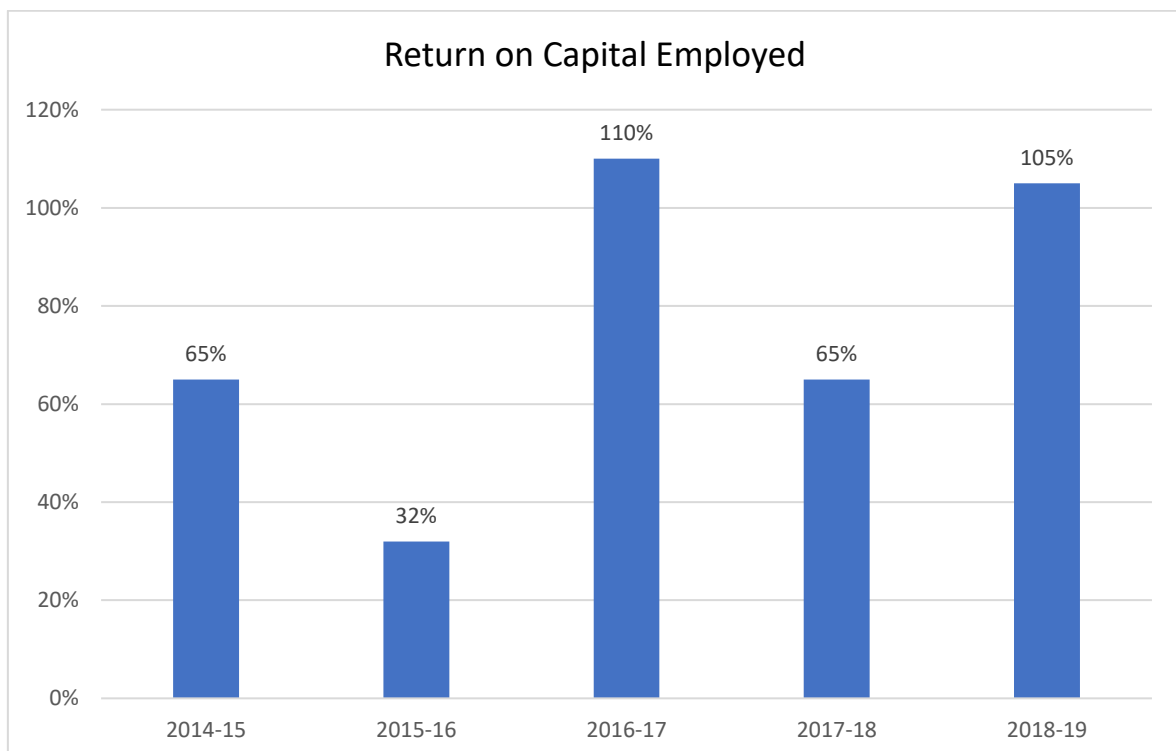
The working capital turnover ratio is fluctuating year to year that was high in the year 2014-15, 7.42 times; there was a subsequent decrease in the year 2015-16 and increase in the year 2016-17 to 5.55 times and 35.73 times. But it decreased in the year 2017-18 and increased in the year 2018-19 to 4.6 and 13.45 times respectively. This shows the company is utilizing working capital effectively.

Return on Capital Employed:

Table 4.3.7

Year	2014-15	2015-16	2016-17	2017-18	2018-19
EBIT	3107974	2716693	1628327	9266067	5143469
Capital Employed	4744052	8492692	1470942	14233296	4881231
ROCE	65%	32%	110%	65%	105%

Chart 4.3.7



INTERPRETATION:

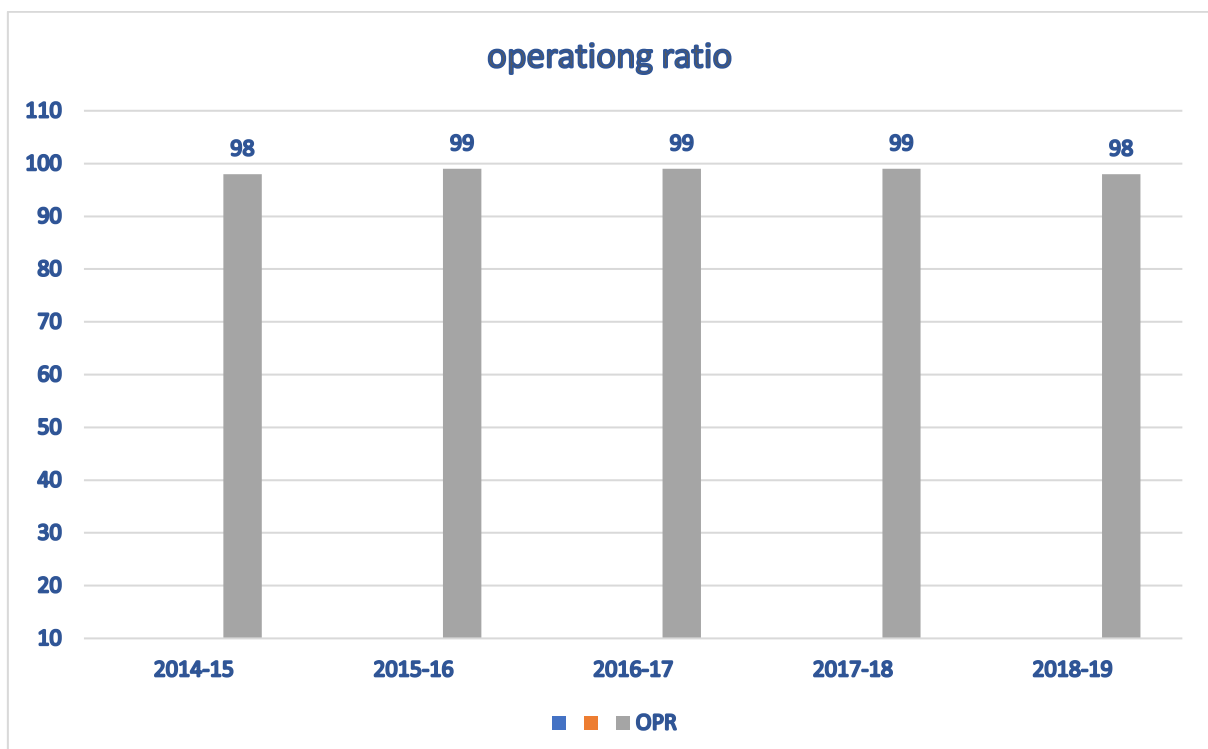
The Return on Capital Employed ratio is fluctuating year to year. In 2014-15 it was 65 times; there was a subsequent decrease in the year 2015-16 and increase in the year 2016-17 to 32 times and 110 times. But it decreased in the year 2017-18 and increased in the year 2018-19 to 65 and 105 times respectively. This shows the company is utilizing Return on Capital Employed effectively to generate profits.

Operating Profit ratio:

Table 4.3.8

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Operating profit	34719741	46872166	52222849	65112764	64812470
Net Sales	35222787	47217728	52559937	65567971	656605584
OPR	98%	99%	99%	99%	98%

Chart 4.3.8



INTERPRETATION:

The Operating Profit ratio is fluctuating year to year. In 2014-15 it was 98 times; it was constant in the year 2015-16, 2016-17 and 2017-18 to 99 times, 99 times and 99 times. Decreased in the year 2018-19 to 98 times. This shows the company is utilizing Operating Profit and is used effectively to generate profits.

5.1 FINDINGS

- ✓ The sertel electronics 2014-2015, it has been found that the current assets 53.81% and current liabilities 33.2 %.
- ✓ The sertel electronics 2015 - 2016 it has been found that the current assets 52.65% current liabilities are 35.30 %
- ✓ The sertel electronics 2016 - 2017 it has been found that the current assets 63.60% current liabilities are 60.22 %.
- ✓ The sertel electronics 2017 - 2018 it has been found that the current assets 33.59% current liabilities are 19.91 %.
- ✓ The sertel electronics 2018 - 2019 it has been found that the current assets 26.40% current liabilities are 21.69 %.
- ✓ Company do not have consistent they is a fluctuations in the assets and liabilities. In the year 2016 -2017 liabilities are increase at 60%.
- ✓ The sertel electronics 2014 - 2015 it has been found that the current assets 43.48% current liabilities are 54.93 % shareholders fund was decreased in 2015 when compare to previous year 2014.
- ✓ The sertel electronics 2015 - 2016 it has been found that the current assets 151.35% current liabilities are 140.67% shareholders fund was decreased in 2016 when compare to previous year 2015.
- ✓ The sertel electronics 2016 - 2017 it has been found that the current assets 13.14% current liabilities are 151.39% shareholders fund was decreased in 2017 when compare to previous year 2016.
- ✓ The sertel electronics 2017 - 2018 it has been found that the current assets 3.29% current liabilities are 79.19% shareholders fund was increased in 2018 when compare to previous year 2017.
- ✓ The sertel electronics 2018 – 2019 it has been found that the current assets 5.30% current liabilities are 108.51% shareholders fund was increased in 2019 when compare to previous year 2018.
- ✓ The company comparative statement in the year of 2014-2015, 2015-206 assets and liabilities are all most same, 2016-2017,2017-2018,2018-2019 assets are less when compare to liabilities.
- ✓ The company non- current assets 2014-2015 is decreased in 43.48% and non- current liabilities is also decreased in 54.93%

- ✓ The company non- assets 2015-2016 is increased in 11.6 % and non-current liabilities is also increased in 14.6%
- ✓ The company non- assets 2016-2017 is decreased in 68.21 % and non-current liabilities is increased in 36.6%
- ✓ The company non- assets 2017-2018 is increased in 43.7 % and non-current liabilities is decreased in 79%
- ✓ The company non- assets 2018-2019 is increased in 11% and non-current liabilities is increased in 10.5%
- ✓ The Operating Profit ratio is fluctuating year to year. In 2014-15 it was 98 times; it was constant in the year 2015-16, 2016-17 and 2017-18 to 99 times
- ✓ The working capital turnover ratio is fluctuating year to year that was high in the year 2014-15, 7.42 times; there was a subsequent decrease in the year 2015-16 and increase in the year 2016-17 to 5.55 times and 35.73 times

5.2 SUGGESTIONS

- ❖ Company needs to maintain more cash balances for its working capital needs.
- ❖ It may be suggested that the financial services limited should utilize limited funds for the purchase of fixed assets it affects the growth of the company.
- ❖ It is suggested to raise the funds by issuing more shares.
- ❖ The company should concentrate more on the current assets.
- ❖ The company is maintaining more reserves, so it is suggested to utilize optimum reserves
- ❖ Fixed assets do not make major impact in financial business as it not a manufacturing concern hence decrease in fixed assets can be omitted, it does not bring any major changes in the profits of the company but however it is good to have more fixed assets.
- ❖ Hence the overall performance of the company is good but need to improve for excellence. Improvement is always necessary for a growing company, achieving excellence is a long term process the company has to plan for every current year and if it succeeds automatically the company will become a benchmark for all other companies.
- ❖ In order to increase the profitability of the company, it is suggested to control the cost of goods sold and operating expenses.
- ❖ The quantum of sales generated should be improved impressively in order to enjoy better growth rate in assets and capital employed.
- ❖ The company has to increase its Earning per share by issuing debenture capital

5.3 CONCLUSION

Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and statements. It is a process of evaluating the relationship between component parts of a financial statement to obtain a better understanding of a firm's position and performance.

Financial statements analysis is an attempt to determine the significance and meaning of the financial statement data so that forecast may be made of the future earnings, ability to pay interest and debt maturities (both current and long term) and profitability of a sound policy.

A number of methods or devices are used for the analysis the balance sheet and income statements of the SERTEL ELECTRONICS for a period of 5 years (2014-2019). The analysis was done by using various financial tools, statistical tools. The graphs were used accordingly to support the analysis.

This project entitled financial performance analysis helped in knowing the firm's financial strengths and weakness which helps the company to make better utilization of its resources.

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BOOKS

- Management Accounting – Dr. Nisar Ahmad, Anmol Publications, Chapter-2 Analysis and Interpretation of financial statements.
- Management and Financial Accounting – Dr.S. N. Maheshwari, Sultan Chand Publishers.
- Management and Financial Accounting – T. S. Reddy and Y. Hari Prasad Reddy, Margham Publications.
- Management Accounting and Financial Management – R. K. Sharma and Shashi K. Gupta, Kalyani Publishers.

WEBSITE

www.info@sertelelcelectronics.com

www.accountingcoach.com

APPENDIX I

Sertel electronics private limited

- Balance sheet (2014-2019)
- Statement of Profit and loss account (2014-2019)

APPENDIX II

SERTEL ELECTRONICS PRIVATE LIMITED

No 377, 1 Cross Street, Nehru Nagar, Old Mahabalipuram Road, Chennai - 600 096
CIN: U17111TN1990PTC019069 EMAIL ID: info@serteltel.com PH NO: 044-23454060

BALANCE SHEET

Particulars	Note No.	As at 31, March 2015 ₹	As at 31, March 2014 ₹
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	25,00,000	25,00,000
(b) Reserves & Surplus	2	1,73,40,479	1,76,57,166
		1,98,40,479	2,01,57,166
2. Non-Current Liabilities			
(a) Long-term borrowings	3	47,36,422	45,18,926
		47,36,422	45,18,926
3. Current Liabilities			
(a) Short-Term Borrowings	4	24,21,505	54,98,161
(b) Trade Payables	5	63,22,589	2,08,36,248
(c) Other Current Liabilities	6	31,55,390	9,20,859
(d) Short Term Provisions	7	3,84,140	-
		1,22,83,624	2,72,55,268
TOTAL		3,68,60,525	5,19,31,360
ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	87,71,848	1,09,57,179
(b) Deferred Tax Assets (net)	9	2,29,980	1,87,615
(c) Long-Term Loans & Advances	10	1,07,51,328	1,05,80,294
(d) Other Non-Current Assets	11	79,693	80,153
		1,98,32,849	2,18,05,241
2. Current Assets			
(a) Inventories		8,84,710	9,37,580
(b) Trade Receivables	12	1,12,14,393	2,20,30,445
(c) Cash and Cash Equivalents	13	8,33,340	9,50,280
(d) Other Current Assets	14	40,95,233	62,07,814
		1,70,27,676	3,01,26,119
TOTAL		3,68,60,525	5,19,31,360

See accompanying Notes forming part of the Financial Statements 21

For Sertel Electronics Private Limited

As per our report of even date
For G Sekar Associates
Chartered Accountants
Firm No. 005251 - s

R Gopalan
Director
DIN: 00247976
Date : 04.09.2015

R Prabhakaran
Director
DIN: 00248077
Place : Chennai

S Sundar Raman , B. Com, FCA
Partner, Membership No. 222042

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SERTEL ELECTRONICS PRIVATE LIMITED

No 377, I Cross Street, Nehru Nagar, Old Mahabalipuram Road, Chennai - 600 096
CIN: U17111TN1990PTC019069 EMAIL ID: info@sertel.com PH NO: 044-23454060

BALANCE SHEET

Particulars	Note No.	As at 31, March 2016 Amount(₹)	As at 31, March 2015 Amount(₹)
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	25,00,000	25,00,000
(b) Reserves & Surplus	3	1,66,22,202	1,73,40,479
		1,91,22,202	1,98,40,479
2. Non-Current Liabilities			
(a) Long-term borrowings	4	1,25,47,088	47,36,422
		1,25,47,088	47,36,422
3. Current Liabilities			
(a) Short-Term Borrowings	5	11,13,785	24,21,505
(b) Trade Payables	6	1,25,72,484	63,22,589
(c) Other Current Liabilities	7	28,85,895	31,55,390
(d) Short Term Provisions	8	7,06,848	3,84,140
		1,72,79,012	1,22,83,624
TOTAL		4,89,48,302	3,68,60,525
ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	91,91,268	87,71,848
(b) Deferred Tax Assets (net)	10	2,60,707	2,29,980
(c) Long-Term Investments, Loans & Advances	11	1,36,69,067	1,07,51,328
(d) Other Non-Current Assets	12	55,556	79,693
		2,31,76,598	1,98,32,849
2. Current Assets			
(a) Inventories		7,47,680	8,84,710
(b) Trade Receivables	13	1,76,94,057	1,12,14,393
(c) Cash and Cash Equivalents	14	8,70,592	8,33,340
(d) Other Current Assets	15	64,59,375	40,95,233
		2,57,71,704	1,70,27,676
TOTAL		4,89,48,302	3,68,60,525

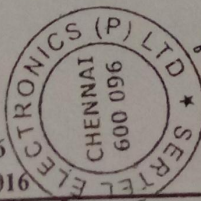
See accompanying Notes forming part of the Financial Statements 1

For Sertel Electronics Private Limited

R Gopalan
Director

DIN: 00247976

Date : 01.09.2016



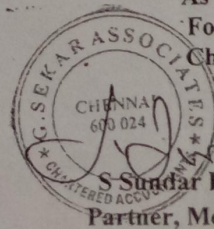
G Lalitha

Director

DIN: 00248034

Place : Chennai

As per our report dated
For G Sekar Associates
Chartered Accountants
Firm No. 005251 - s



S. Sundar Raman, B. Com, FCA
Partner, Membership No. 222042

SERTEL ELECTRONICS PRIVATE LIMITED

No 377, I Cross Street, Nehru Nagar, Old Mahabalipuram Road, Chennai - 600 096
CIN: U17111TN1990PTC019069 EMAIL ID: info@sertelteser.com PH NO: 044-23454060

BALANCE SHEET

Particulars	Note No:	As at 31, March 2017 Amount(`)	As at 31, March 2016 Amount(`)
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	25,00,000 ✓	25,00,000
(b) Reserves & Surplus	3	1,02,23,707 ✓	1,66,22,202
		1,27,23,707	1,91,22,202
2. Non-Current Liabilities			
(a) Long-term borrowings	4	45,22,219 ✓	1,25,47,088
(b) Deferred Tax liability		34,911	0
		45,57,130 ✓	1,25,47,088
3. Current Liabilities			
(a) Short-Term Borrowings	4	32,66,042 ✓	11,13,785
(b) Trade Payables	5	93,51,394	1,25,72,484
(c) Other Current Liabilities	6	1,33,89,545	28,85,895
(d) Short Term Provisions	7	1,51,808	7,06,848
	8	2,61,58,789	1,72,79,012
		4,34,39,626	4,89,48,302
TOTAL			
ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	32,46,338	91,91,268
(b) Deferred Tax Assets (net)	10	14,677	2,60,707
(c) Long-Term Investments, Loans & Advances	11	1,24,93,324	1,36,69,067
(d) Other Non-Current Assets	12	55,556	55,556
		1,58,09,895	2,31,76,598
2. Current Assets			
(a) Inventories	13	12,14,400	7,47,680
(b) Trade Receivables	14	2,19,70,146	1,76,94,057
(c) Cash and Cash Equivalents	15	10,59,203	8,70,592
(d) Other Current Assets	16	33,85,982	64,59,375
		2,76,29,731	2,57,71,704
		4,34,39,626	4,89,48,302
TOTAL			

See accompanying Notes forming part of the Financial Statements 1

For Sertel Electronics Private Limited

R Gopalan
Director

DIN: 00247976

Date : 01.09.2017

G Lalitha
Director

DIN: 00248034

Place : Chennai

As per our report dated
For G Sekar Associates
Chartered Accountants
Firm No. 005251 - s

S Sundar Raman, B. Com, FCA
Partner, Membership No. 222042