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A study on financial performance analysis at neycer India Ltd., nadalur

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Abstract

Finance is considered as life blood of business enterprise. Finance is one of the basic foundations of all kinds of economic activities. The success and survival of any organization depends upon how efficiently it is able to raise funds as and when needed and their proper utilization. The object of the present study is to analysis the financial performance of NEYCER, India. The financial analyses help to understand how management is efficient in procuring and utilizing the funds. An attempt is made in the present study to analyze whether an entity is stable, solvent, liquid, or profitable enough to be invested in NEYCER INDIA limited is leading company in sanitary ware. The finding of the study helps the prospective investors in taking investment decision.

Keywords: Financial analysis, Neycer India Ltd sector, ratio analysis.

Introduction

Accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decision by users of the information. The end products of business transactions are the financial statements comprising primarily the position statement or the balance sheet and the income statement or the profit& loss account. Financial statements are the outcomes of summarizing process of accounting. According to John N. Myer, "the financial statements provide a summary of the accounts of a business enterprise, the balance sheet reflecting the assets, liabilities and capital as on a certain date and the income statement showing the results of operations during a certain period"

Objectives of the Study

Primary Objective:

- To Study the financial performance analysis in Neycer India Pvt Ltd

Secondary Objective

- To Find out Profitability and turn over position of the Neycer India Ltd vadalur.
- To study the working capital position company.
- To measure the growth rate regarding performance of the company.
- To evaluate the capital structure of the neycer India Ltd vadalur.

Need For the Study

- The main purpose of the study is to analysis the growth and working of the company for the financial periods.
- The aim of financial performance analysis is to better understanding of firms.
- The purpose is to assess the company's short term and long term financial stability

Limitations of the Study

- The study was conducted for a period of 3 month, which is insufficient for complete study about the company financial performance.
- The availability of the information and data are limited by time factor.
- There are changes for errors while making calculation.
- The distance is too long from my residence.

Data Analysis and Interpretation

Table 1: Table Showing Current Ratio

Year	Current Assets	Current Liabilities	Ratio%
2009-2010	106164506	352625061	0.30
2010-2011	92925062	370766873	0.25
2011-2012	102512757	346148020	0.35
2012-2013	144506390	131191404	1.10
2013-2014	140204432	146420392	0.95

Interpretation

As a conventional rule a current ratio of 1:2 or more is considered to be the best. The highest ratio is in the year 2012 – 2013(1.10) and lowest ratio in the year 2010 – 2011 (0.25). The current assets are greater than current liabilities but not as twice as current liabilities. So the liquidity position is not satisfactory.

Table 2: Table Showing Liquid Ratio

Year	Liquid Assets	Current Liabilities	Ratio%
2009-2010	35009106	352625061	0.09
2010-2011	300211692	370766873	0.08
2011-2012	47806819	346148020	0.13
2012-2013	94770233	131191404	0.72
2013-2014	71768873	146420392	0.49

Interpretation

The above table shows that the company's quick ratio is ranging from 0.49 to 0.72. As a rule of thumb the quick ratio of 1:2 is satisfactory. The ratio shows liquid assets are more than the current liabilities to pay-off short term liabilities. Thus in this case the company's short term liquidity position is not satisfactory.

Table 3: Showing Fixed Assets to Net worth Ratio

Year	Fixed Assets	Share Holder Fund	Ratio%
2009-2010	77603714	81466667	0.95
2010-2011	122887722	141466668	0.86
2011-2012	168738424	14146668	1.19
2012-2013	168230571	123852668	1.36
2013-2014	212828998	123852668	1.72

Interpretation

In this table it reveals that the Fixed Assets to Net worth ratio has been fluctuating throughout the study period. In the year 2013-201 shows that highest ratio of 1.72%, which reveals greater safety for the firm. But it was decreased in the year 2010-2011 0.86%.In the years 2011-2012 also increased 1.19%.Thehighest ratio is more favorable to the firm.

Table 4: Table Showing Net Profit Ratio

Year	Net Profit	Net Sales	Ratio%
2009-2010	100386669	128833235	77.09
2010-2011	44470959	125882308	35.32
2011-2012	30798423	151877682	20.27
2012-2013	10150042	181393732	55.95
2013-2014	91803415	205768399	44.6

Interpretation

Net profit ratio is highest in the year 2009 – 2010(77.09%). The net profit ratio of the year 2011-2012 is 3.05% and profit was not sufficient to satisfy the investors.

Table 5: Table Showing Total Assets Turnover Ratio

Year	Sales	Total Assets	Ratio In %
2009-2010	1488377945	709387847	2.10
2010-2011	145655700	786518371	0.19
2011-2012	164974928	822266558	0.20
2012-2013	192380654	491700943	0.40
2013-2014	224462783	522813997	0.43

Interpretation

Total assets ratio was 0.19 due to decrease in total assets. In the year 2009-2010 the total assets ratio was again increasing from 2.10 due to increase in sales. so we conclude that the ratio is increasing in the year 2010,it indicates that efficient utilization of total assets to generating sales the low turnover ratio indicates under utilization of total assets.

Findings

- The current assets were greater than current liabilities but not as twice as current liabilities. So the current ratio of the company is not satisfactory.
- The liquid ratio shows liquid assets are more than the current liabilities to pay-off short term liabilities.
- Return on shareholders' ratio is in increasing trend except in the year 2009-2010. It indicates better utilization of owners' fund in the business.
- The fixed asset to Net worth Ratio ratio is increased; it means that the entire fixed assets have been purchased out of long term funds.
- Total assets turnover ratio the low turnover ratio indicates under utilization of total assets.

Suggestions

- On the basis of above findings the following suggestions have been put forward to improve the financial position of Neycer India Ltd
- As The Current Ratio Of The Company Is Not Satisfactory, The Company Should Improve Its Short Term Liquidity Position Either By Increasing Current Asset Or Reducing Current Liability.
- Neycer India Ltd can concentrate in investment in inventories to improve the liquidity position of the concern.

Conclusion

The study on financial performance of company has revealed the financial strength and weakness of the company. The study shows that the profitability is decreased in the last year due to increases of the expenses and the company should take effective decisions at the right time so as to rectify the weakness and it will lead to the efficient functioning of the business. The overall performance of the company is satisfactory.

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