



A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF RASI SEEDS AT SALEM

Ms.K.Keerthana Sanjeevini * N.Srsinivasan**

*Dhanalakshmi Srinivasan University, Tiruchirappalli .

**School of Management,Dhanalakshmi Srinivasan University, Tiruchirappalli .

Abstract

At the center of this study is the "Financial Performance of the Rasi Seeds Industry." The market has become extremely competitive in this modern period of globalization, privatization, and liberalization; as a result, a company's ability to survive depends on how well it operates. Therefore, it is crucial to evaluate financial performance in order to ascertain a company's position in the market and pinpoint areas that require improvement in the future by identifying its shortcomings. In order to make conclusions, the researcher in this study looked at the two companies' liquidity, profitability, efficiency, and leverage.

This study looks at the financial performance of the Rasi Seeds sector. The significance of this study is based on the objectives of financial performance. The basis of the study is the financial performance of the company, which has been compiled from annual reports over the last five years. The study encompasses secondary data from the company, which includes the balance sheets for the five-year period from 2020 to 2024. The study technique includes design, data collection, and tools for financial analysis of the company's past and future performance. Among the techniques employed in this study are trend analysis, correlation analysis, and ratio analysis. This study's analysis identifies the differences in specific company divisions.

Keywords: Profitability, Efficiency, Leverage, Liberalization, Privatization, and Globalization.

Introduction

The lifeblood of business is finance. It serves as blood for arteries, a lubricant for wheels, and a support for bones, making it essential for business and industry. Nowadays, without financial resources, no industry, trade, or commerce can operate efficiently. Establishing, growing, and running a firm effectively requires finance; without sufficient capital, even the most promising enterprise may end in failure. Furthermore, a project's execution and supervision may encounter a number of problems if it is started without adequate financial support.

Often, poor resource management is the ultimate cause of business failure rather than just a lack of appropriate funding. It is only through effective financial management that a business can survive and grow. Therefore, it is true to say that no company can thrive and expand without sound financial management. Therefore, a sufficient supply of funding and effective management is essential to a business's success.

Objectives of the Study

Primary objective

The analysis of the study regarding the financial performance of the Rasi Seeds industry located in Salem.



Secondary objectives

1. To examine the comprehensive analysis of financial performance through data gathering.
2. To investigate the inception and expansion of the industry.
3. To assess the company's financial standing via ratio analysis.
4. To review the financial status and comparative statements on an annual basis.
5. To analyze the sales trends in relation to the industry.
6. To provide recommendations for the company's further enhancement and growth.

Need of the Study

Finance is regarded as the essential element for an organization to operate effectively. There exists a strong connection between the finance function and other departments such as production, marketing, and personnel; thus, it is vital for the survival and expansion of any organization. The "Financial Performance Analysis" seeks to explore the different financial dimensions of the business entity. This analysis is primarily associated with the Finance Department of the organization. The study aids even a non-expert in comprehending the current status of the company regarding various factors such as liquidity, solvency, and efficiency, which are not easily discernible by merely reviewing the company's audited financial statements. The current research aims to examine multiple facets of the company's financial management to assess the profitability and financial stability of the firm.

Scope of the Study

- In order to help in making informed financial decisions for the upcoming years.
- The current research aims to give a broad overview of the financial performance practices within the Rasi seeds industry.
- The study outlines the specific procedures associated with the firm's operations and identifies areas for efficiency improvement.
- Furthermore, the research explicitly details the areas where performance improvements are necessary.
- It serves as a reference point for evaluating past performance.

Review of Literature

Julio O. De Castro (2023) financial performance involves the selection, correlation, and assessment of financial data. The emphasis of financial performance lies in the purchase figures within the financial statement and the important relationships that exist among them. Analyzing the financial statement is a process that evaluates the connections between the various components of the financial statement to gain a clearer understanding of the firm's status and performance.

GongmingQian (2023) This research examines how a company's international operations influence its risk-return performance, utilizing a sample of firms that includes both multinational corporations and domestic companies, through various measures of multi-nationality. According to the results, businesses with a larger percentage of abroad operations have a better chance of achieving superior risk-return performance than those with less global involvement.

Research Methodology

The performance of the study is evaluated using secondary data gathered from periodicals, journals, and yearly reports. The statistics, graphs, and diagrams used to show the study's statistical data serve as the foundation for the conclusions and suggestions made.



Research Design

Research is a systematic process wherein researchers aim to determine the final outcome of a specific problem, and consequently, the solution aids in future decision-making. Research has been characterized as "A meticulous investigation or inquiry, particularly through the pursuit of new facts within a field of knowledge."

Data Evaluation

To achieve the objectives of the study, the current evaluation assesses the data collected from various sources in multiple ways. The obtained data has been appropriately classified and analyzed according to the study's requirements. Statistical measures such as the mean and coefficient of variation have been utilized.

Period of Study

The time spent by the researcher on data collection and assessment concerning the company's profitability evaluation encompasses data from the past five years, specifically from 2020 to 2024.

Area of the Study

The survey was carried out in Salem.

Sources of the Study

The data utilized for this study is of a secondary nature. All essential information needed for the various calculations during the evaluation process was sourced from the firm's published annual report, which includes the profit and loss statement as well as the balance sheet.

Limitations of the Study

- The majority of the analysis conducted in this study relies on the balance sheet and profit & loss statements, among other information, provided in the company's annual reports.
- The study encompasses a period of only five years. An analysis based on five years of data may not adequately reflect the trends and performance of the company.
- A significant portion of the data gathered was historical. Consequently, the time value of money has not been factored into the analysis.

Trend Analysis

Current Assets			Current Liabilities		Working Capital	
Year	Amount	Trend%	Amount	Trend%	Amount	Trend%
2019-20	6224.64	100	4008.93	100	2215.71	100
2020-21	7187.48	115.47	4476.21	111.66	2711.27	122.37
2021-22	7684.85	123.45	4548.44	113.46	3136.41	141.56
2022-23	8320.50	133.66	5436.36	135.61	2884.14	130.17
2023-24	7957.81	127.83	5175.62	129.13	2782.19	125.57

Interpretation

In the fiscal year 2019-20, the current assets, current liabilities, and working capital percentage exceeded 100%. For the year 2023-24, the current assets amount to 127.83, while the current liabilities stand at 129.13. Additionally, the working capital trend percentage for 2023-24 is recorded at 125.57.



Correlation

X	Y	X ²	Y ²	XY
1879.74	80.45	3533422.47	6472.20	151225.08
2392.92	274.42	5726066.13	75306.34	656665.11
2172.07	139.41	4717888.08	19435.15	302808.28
2950.93	60.07	8707987.86	3608.40	177262.36
2852.69	1106.85	8137840.24	1225116.92	3157499.93
$\sum X = 12248.35$	$\sum Y = 1661.15$	$\sum X^2 = 139723926$	$\sum Y^2 = 1327939.01$	$\sum XY = 4413160.76$

Result

The calculation presented above indicates a positive correlation between stock and cash. It demonstrates that an increase in stock value corresponds with an increase in cash value, and conversely.

Suggestions

- The companies currently exhibit a low current ratio, thus it is advisable for them to enhance this ratio to effectively manage their short-term obligations.
- As a result, I advise the company to have sufficient liquid assets, like cash and bank balances, as the liquidity ratio has not improved significantly over time.
- The direct material costs incurred by the firm are excessively high; hence, I suggest that the firm reduce these costs by sourcing raw materials from alternative suppliers.
- The firms must implement stringent oversight of their manufacturing processes.
- The inventory levels each year should remain adaptable to accommodate stock fluctuations.

Conclusion

The brand is well-known among Indian companies. The financial status is stable. Liquidity, short-term solvency, and profitability are all satisfactory. Over the preceding five years, the company has made tremendously outstanding progress. The company is growing rapidly. It is the only Indian company to receive this honor, having just won the silver prize. Therefore, by addressing both internal and external variables, the company should focus on increasing earnings in the years to come. When it comes to resources, the business is using them effectively. A significant quantity of merchandise has also been retained by the corporation. Strengthening the company's liquidity position is necessary. The long-term solvency situation of the business was satisfactory. The business's financial performance was outstanding overall.

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