



A STUDY ON FINANCIAL PERFORMANCE OF EMAMI PRIVATE LTD

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ABSTRACT

Finance is considered as life blood of business enterprise. Through financial analysis companies can review their performance in the past years which enables also helping in identifying their weakness and improving them. The project work is an outcome of "A study on financial performance of Emami Private limited". The study was carried out for the period of past five years (2016-2020). The objective of this study is to analyses the liquidity and solvency position of the company. This research is done with help of secondary data which is gathered from the annual report of the company. The financial performance can be measured by using various financial tools such as profitability ratio, solvency ratio etc., The findings from the analysis were discussed in detail and suggestions for corrective actions like maintain good solvency in order to meet its short term and long term obligations were given wherever applicable

KEYWORDS: liquidity performance, emami limited, rise and fall

1. INTRODUCTION

Financial performance means ensuring the results of a firm's policies and operations in monetary terms. Financial performance is an important aspect which influences the long term stability, profitability and liquidity of an organization. Usually, financial ratios are said to be the parameters of the financial performance. The evaluation of financial performance had been taken up for the study with "Emami Limited" as the project.

Analyses of financial performance are of greater assistance in locating the weak spots at the Emami limited even though the overall performance may be satisfactory. This further helps in

1. Financial forecasting and planning
2. Communicate the strength under financial standing of the respective firm
3. For effective control of business

2. STATEMENT OF THE PROBLEM

In general, the ratio analysis and balance sheets which is used to meet out ratio requirement of the Emami industry. The financial performance is a main and primary blood vein of the emami industry. The emami industry cannot operate their concerns without sufficient level of ratio analysis and balance sheets. The financial performance influence entire operating structure of the industry.

3. OBJECTIVES OF THE STUDY

- To analysis the liquidity position of the emami limited.
- To understand the profitability position of the firm.
- To analysis the financial strength and weakness of the company.
- To offer suggestions to improve the effective functioning.



4. RESEARCH METHODOLOGY

Source of Data	Secondary data
Period of Study	2015-2016 to 2019 – 2020
Framework of analysis	Financial Statements
Tools and Techniques	Ratio analysis

5. STATISTICAL TOOLS

The following statistical tools were applied to analyse the statistical data collected for calculation of financial performance analysis.

Ratio Analysis

- Profitability Ratios
- Liquidity Ratios
- Activity Turnover Ratios

6. REVIEW OF LITERATURE

Bhupender Kumar Som (2019)¹ has found financial ratio analysis is the process of reviewing the financial position of the company. This aims at analyzing the financial performance of Ashok Leyland by calculating financial ratios. The primary objective of this study is to evaluate the performance of the company during the last decade. The results reveal that the company has performed reasonably well during the reference period.

Dr .V. Uma (2018)², the purpose of the study is to evaluate the financial position of Hero Motocorp. The main objective of the study is to know the financial strength and profitability of the company. This study

has been based on only secondary data collected from various magazines, web sites. Financial managers need to know how effective decisions can be made and ineffective ones be avoided. This study is carried out with the help of five years financial statements of the company. Finally the contribution of hero motocorp Ltd in the growth of the automobile industry is very high.

R. Sasikala and K.P. Balakrishnan(2016)³, “Growth and Profitability of Selected Cement Industries in India” Study followed on growth and profitability of cement companies affords an opinion for valuation of problems in profitability analysis and growth of the cement companies based on their profit, balance sheet and loss a/c. The gear used in the study have given useful and productive suggestions. The ratio analysis of the company is suitable, the companies ought to enhance its performance for exploiting possibilities in future and meeting challenges enables the management to take financial decisions. The motion and boom of the Ultra Tech, ACC, Ambuja, Shree and Prism companies are favorable in future period.

7. TABLE

Year	Current Ratio	Liquid Ratio	Cash Position Ratio	Net Profit Ratio (%)	Operating Profit Ratio (%)	Return On Total Assets Turn (%)
2015-16	0.69	0.48	0.14	15.39	29.14	13.50
2016-17	0.56	0.33	0.06	13.67	31.59	13.07
2017-18	0.98	0.71	0.11	12.10	28.71	10.96
2018-19	1.25	0.92	0.29	11.22	26.94	10.74
2019-20	1.30	1.00	0.15	11.40	26.01	11.30

- Current ratio of the Emami limited was highest in the year 2020 and lowest year in the year 2017
- Liquid ratio, highest in the year 2020 and lowest in the year 2017
- Absolute liquid ratio of the company was highest in the year 2019 and lowest in the year 2017.
- Average collection period of the company was highest in the year 2020.



- Proprietary ratio of the company was highest in the year 2016 and lowest in the year 2020.
- Debt to equity ratio was highest ratio in the year 2016 and lowest in the year 2019.
- Gross profit ratio was highest in the year 2017 and lowest in the year 2020
- Net profit of the company was highest in the year 2016 and lowest in the year 2019
- Operating profit ratio of the emami limited was highest in the year 2017 and lowest in the year 2020.
- Return on total assets of the company was highest in the year and lowest in the year.

8. SUGGESTIONS

- The company have to increase its current assets , in order to maintain its assets and liabilities in the short run promptly
- The liquidity position of the company can be utilized in a better or other effective purpose.
- The companies have to collect its dues from the debtors within shorter period . It should not be too longer in order to avoid its collection expenses
- The debt capital is not utilized effectively and efficiently. so, the company can extend its debt capital
- The company can increase its source of funds to make effective research and development system for more profits in the years to come.

9. CONCLUSION

The study was conducted to evaluate the financial performance of EMAMI PRIVATE LIMITED for the period of five years ranging from 2015-2016 and 2019-2020 .It helps to explore the strength and weakness of the company .By analyzing the financial performance of the company the researcher , has found many short falls ,after a careful analyses researcher has offered many value bale suggestions like ,they have its performance level and should reduce the cash flow and Expenses. Then they will increase their turnover and profit of the company, which would be useful for their future growth. Hence the financial position of the company is good.

10. REFERENCE

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