



A STUDY ON FINANCIAL PERFORMANCE OF PRICOL LIMITED

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ABSTRACT

The term 'Analysis of Financial Performance' also referred to as 'analysis of preparation of financial statements' refers to the method of determining financial strength and weakness of the firm by establishing relationship between the things of the balance sheets and therefore the profit and loss account. The study used 5 years of Pricol limited secondary data and main objective is to seek out the financial performance of the industry which will be helpful in find the expansion aspects. The varied tools like liquidity ratio, profitability ratio, return on investment ratio, Solvency ratio and other performance ratios were used for the study. The suggestions reveal the Management should make the right use of current assets to extend the profit of the company and thus maintain consistent profitability performance. Finally, the study reveals there was gradual rise and fall within the growth of the company during the study period it's satisfactory.

KEYWORDS: financial strength, cash flow, growth aspects

1. INTRODUCTION

Financial Performance is subjective measure of the accountability of an entity for the results of its policies, operations and activities qualified for an identified period in financial terms. Financial statements are formal records of the financial activities and position of a business, person or other entity. Financial statements are the report prepared by an organization Management to present the financial performance and position at the time. A general purpose set of the financial statement usually includes a balance sheet, income statement, statement of owner's equity and statement of cash flows. Financial statements are often audited by government agencies, accountants, firms etc., to make sure accuracy and for tax, financing or investing purpose. Finance is taken into account as life blood of commercial enterprise. The success and survival of any organization depends upon how efficiently it's ready to raise funds as and when needed and their proper utilizing the funds.

2. STATEMENT OF THE PROBLEM

To determine the right income and to earn sufficient inflow to run a PRICOL Limited. And to optimal amounts of cash account receivable and inventories that a firm should prefer to maintain and to supply the possible result, firms should keep no unproductive assets and will finance with firm to take a position briefly term assets and finance short-term liabilities.

3. OBJECTIVE OF THE STUDY

- To analyse the liquidity and profitability position of the PRICOL LIMITED.
- To view the growth of the Pricol limited by comparing the past year's balance sheet.
- To evaluate financial performance through ratio analysis of PRICOL.



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 tools used for this study on financial performance are ratio analysis and common size balance sheet. The data from the reports are analysed by using various tool and techniques with a view to evaluate the performance of the company. For analysing the financial performance of Pricol limited the subsequent tools are used,

Ratio Analysis

- Liquidity Ratios
- Profitability Ratios
- Solvency Ratio
- Activity Turnover Ratios

6. REVIEW OF LITERATURE

Deepika S (2017) the object of the present study is to know the profitability and solvency and the future value of the business concern during the period of five years from 2012-2016. For this purpose, to fulfil the objectives Ratio Analysis and Correlation has been used for the calculation of the company. Finally, the

suggestions are offered to control the fluctuating in price changes.

Dr. Richa Singhal (2017) Unless the working capital is planned, managed and monitored effectively, company cannot earn profits and increase its turnover, Also, it helps in removing bottlenecks. Although very studies have been conducted on analysing the working capital management of Indian companies but very few studies have measured the inventory management of top FMCG companies of last decade.

Vinoth K (2017) this study shows the financial management process, the initial stage in the process is a financial or review of the firm. Financial analysis is essentially the first step towards gaining a sound understanding of a business. Financial analysis is the evaluation of a firm's past; present anticipated future financial performance and firm condition. Its objectives are to identify the firm's financial strengths and weakness and to provide the essential foundation for financial decision making and planning.

7. TABLE

Year	Current Ratio	Liquid Ratio	Absolute Liquid Ratio	Gross Profit Ratio (%)	Return On Investment Ratio (%)	Total Asset Turnover Ratio (%)
2015-16	1.05	0.74	0.06	105.56	8.93	1.84
2016-17	0.97	0.61	0.06	105.34	3.16	1.14
2017-18	0.95	0.58	0.09	93.46	2.93	0.98
2018-19	0.86	0.67	0.06	94.28	0.06	0.88
2019-20	0.84	0.45	0.07	96.17	6.92	1.20

- In current ratio, the highest growth rate was 1.05 in the year 2016 and the lowest growth rate was 0.84 in the year 2020.
- In liquid ratio the highest growth rate was 0.74 in the year 2016 and the lowest growth rate was 0.45 in the year 2020.
- In absolute liquid ratio, the highest growth rate was 0.09 in the year 2018 and the lowest growth rate was 0.06 in the year 2016, 2017 and 2019.
- In gross profit ratio, the highest growth rate was 105.56 in the year 2016 and the lowest growth rate was 93.46 in the year 2018.
- In return on investment ratio, the highest growth rate was 8.93 in the year 2016 and the lowest growth rate was -6.92 in the year 2020.
- In total assets turnover ratio, the highest growth rate was 1.84 in the year 2016 and



the lowest growth rate was 0.88 in the year 2019.

8. SUGGESTIONS

- Management should make the proper use of current assets to increase the profit of the company.
- The company is losing its customers due to insufficient maintained of current assets.
- Better, company will borrow loan to increase the working capital.
- The profit of the company needs to be raised through increasing productivity and decreasing expenses.
- The company has the right to take the right strategy to regain the net profit in the upcoming years.

9. CONCLUSION

This project is aimed to analyse the financial performance of “PRICOL LIMITED” for the period 2016-2020, however for any origination increasing the profitability will be the main objectives and so it is the same for this company too. Thus, the findings and recommendation which will be helpful for the development and improvement of the company. Finally, to conclude that, the “PRICOL LIMITED” company’s performance is well and there is a gradual decrease in the working capital of the company.

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