



# A STUDY ON FINANCIAL PERFORMANCE OF SAKTHI SUGARS LIMITED

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## ABSTRACT

The gift take a look at of the studies entitled "A STUDY ON DINANCIAL PERFORMANCE OF SAKTHI SUGARS LIMITED". The take a look at become primarily based totally on secondary facts from records, reviews and profile of the organization. The validity of any studies is primarily based totally at the systematic approach of facts series evaluation. The ratio evaluation is the manner of figuring out the monetary soundness and value effectiveness of the organization way of means of setting up dating among the gadgets of stability sheet and earnings and loss a/c. The gift take a look at has thrown principal awareness in ratio evaluation from the 5years stability sheet and earnings and loss a/c. An goal of the take a look at consists of the profitability, value of products offered and different revel in employer usual monetary overall performance of the employer. Short time period-long time function of the employer. Based at the 5years stability sheet and earnings and loss a/c appropriate inspiration had been given way of means of the researcher for a higher soundness and value effectiveness of the employer

**KEYWORDS:** Financial overall performance, Ratio evaluation, Profitability ratios.

## 1. INTRODUCTION

Financial overall performance is a subjective degree of the way properly a organization can use property from its number one mode of enterprise and generate revenues. This time period is likewise used as a fashionable degree of an organization's usual monetary fitness over a given length of time, and may be used to examine comparable corporation throughout the identical enterprise or to examine industries or sectors in aggregation. There are many unique approaches to degree monetary overall performance, however all measures must be taken in aggregation. Line gadgets inclusive of sales from operations, running earnings or coins float form operations may be used in addition to overall unit income. Furthersome, the analyst or investor can also additionally want to appearance deeper into monetary statements and searching for out margin boom costs or any declining debt.

## 2. STATEMENT OF THE PROBLEM

By the usage of the monetary announcement the shareholders cannot discover how the control sources are correctly utilized by the employees. Financial control tells a enterprise proprietor what occurred however they do now no longer inform him why it occurred. A enterprise supervisor wishes to discover the basis of the hassle earlier than it is able to be solved. Every attempt has been made to finish relevantly and endorse for high-quality overall performance of the employer.

## 3. OBJECTIVES OF THE STUDY

The present study is carried out with the following objectives

- To examine the liquidity and the profitability function of the Sakthi sugars limited
- To recognize the comparative and value evaluation of the employer.
- To study the trend analysis of the employer
- To study the various departments in the organisation and analyse its functions individually.



#### 4. RESEARCH METHODOLOGY

Source of data	Secondary data
Period of study	2013-2014 to 2017-2018
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

- Liquidity ratios
- Profitability ratios
- Solvency ratios
- Activity ratios

#### 6. REVIEW OF LITERATURE

**Mr.S.P. KarthikDr.A.Ramesh (2020) ISSN: 2278-4632 Volume 10 Issue-5 No. 14 May 2020** The focusing on “Productivity and financial health of Tamilnadu co-operative sugar industries: A Study” are playing a vital role in determining the financial viability of the sugar industries. The analysis of financial statements is the process of evaluating the financial viability, profitability ratio, long term solvency ratio, current asset, liquidity ratio and efficiency in asset utilization of the sugar industries operating in the state of Tamil Nadu during the financial year between 2007-2008 and 2016-2017.

**Dr.Ashutosh Gupta Dr.(ms.) Gupreet Randhawa (2018) Indian Journal of Accounting (IJA) ISSN: 0972-1479(print) 2395-6127(online) volume 50(1) pp.87-96** ‘The Punjab Sugar Industry comprises of co-operative and private sugar mills. The private sugar mills are operating better than the co-operative sugar mills with respect to sugar production, number of working days, recovery percentage, cane crushed and daily crushing capacity (Statistical Abstract of Punjab, 2016).

**S.Lakshmi (2018) IJRTI Volume 3 issue 5 ISSN: 2456-3315** financial performance of select sugar mills in Tamil Nadu ‘Sugar mills are one of the Agro-based industries and in India it is the second largest next to cotton and textile industry. History says that the art of making sugar went to Persia and subsequently to the world from India. The production of sugar, first from sugarcane and later from beets, is one of the oldest and best-studied technological processes.

#### 7. FINDINGS

- ✓ The current ratio was lower than the ratio’s standards of 2:1 in all the six years. The current ratio is not at the satisfactory level so the company needs to increase the current assets or by decreasing current liabilities.

- ✓ The liquid ratio was found very low in all the years so that the firm must keep the proper level of bank balance, cash at hand, and short-term investment in current assets.
- ✓ The absolute liquid ratio was found to be in a below position of the standard norms.
- ✓ The Gross Profit ratio reflects the profit margin on its trading and manufacturing. The firm maintain this ratio in higher level and try to reduce the cost of goods sold and increase the sales.
- ✓ The Net Profit ratio indicates the company’s capacity to face unfavourable economic conditions such as price competition, low demand, etc. Obviously, higher the ratio the better is the profitability. Hence, try to sustain this ratio at a higher level because this ratio reflects the operating efficiency and performance of the company but it is found that the ratio is reflecting loss. As we know this ratio is very useful for the investors.
- ✓ The Return on Investment ratio has an decreasing trend during the period of study. The company can provide fair rate of return on investment so that it eliminates the negative signs of the study.
- ✓ Equity Ratio was found to be decreasing with the negative sign in the financial year of 2019-2020 when compared to the previous years.
- ✓ For maintain, Inventory Turnover ratio company can be decided purchasing policy. If purchasing policy is to be planned it means to avoid the unnecessary investment in inventory. In the same way, a company should have to increase operating efficiency. Therefore, the company can maintain inventory turnover ratio at higher level as it is desirable for the company.
- ✓ Fixed assets turnover ratio generates sales with higher ratio, but the table shows there is a fluctuating ratio where there is no increase to 1.00 ratio.
- ✓ The higher level of Total asset turnover ratio is preferable for the company as it indicates that the efficient and well organised management of the current asset. The higher ratio means current asset is to be easily converted into cash and a working capital cycle is to be smooth going.



## 8. SUGGESTIONS

- ✓ The current and quick ratio was below the standard norm. As a whole, it suggests that the business is not well placed to pay its debts. If the company maintains the good growth for the fourth coming years then the profit can be multiplied.
- ✓ According to the trend analysis of profitability ratio there is a small variation. If the company reduces the debtor then the interest can be reduced which leads to further profit for the company in future years.
- ✓ The company may be maintained in the current assets properly so that it will lead to a better position of working capital. The company may reduce the creditor's position by repaying the loans in short-period for in better positions for future.
- ✓ The management should try to utilize their production capacity fully in order to reduce factory overheads and to utilize their fixed assets properly.
- ✓ To strengthen the financial efficiency, long-term funds have to be used to finance core current assets and a part of temporary current assets. It is better if the company can reduce the oversized short-term loans and an advance eliminates the risk of arranging finance regularly.

## 9. CONCLUSION

The study is about analysing the balance sheet of Sakthi sugar using financial analysis. The study analysed the balance sheet with the tool ratio analysis, comparative balance sheet, trend analysis and cost sheet analysis. The conclusion is that the project can be used as a supporting factor to analyse about the performance of the company and net profit of the company is been dropping if the company reduces the inventory cost and no of debtors then the net profit can be increased in the future.

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