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A Study on Financial Performance Using Ratio Analysis at Sakthi Sugar Ltd Sivagangai Unit

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Abstract

The present study of the research entitled "A STUDY ON FINANCIAL PERFORMANCE USING THE RATIO ANALYSIS AT KALEESWARAR MILLS B UNIT OF NATIONAL TEXTILE CORPORATION LTD". The study was based on secondary data from records, reports and profile of the organization. The validity of any research is based on the systematic method of data collection analysis. The Ratio analysis is the process of identifying the financial soundness and cost effectiveness of the firm by establishing relationship between the items of balance sheet and profit and loss a/c. The present study has thrown major concentration in ratio analysis, from the 5years balance sheet and profit and loss a/c. An objective of the study includes the profitability, cost of goods sold and other experience company overall financial performance of the company. Short term-long term position of the company. Based on the five years balance sheet and profit and loss a/c suitable suggestion were given by the researcher for a better soundness and cost effectiveness of the company.

I. INTRODUCTION

Sakthi Sugars Limited was established in the year 1961, with *commercial production of Sugar* commencing in the year 1964 at its Sakthinagar Sugar plant. Today it has in its fold four Sugar plant three of them in Tamil Nadu located at Sakthinagar, Sivaganga and Modakurichi and one plant in Orissa at Dhenkanal. With the aggregate capacity of 19,000 Tonnes of cane Crush per Day (TCD), Sakthi Sugars Limited is one of the largest producers of Sugar in the country. Expanding its industrial presence, Sakthi Sugars Limited diversified into *manufacturing of Industrial Alcohol* in the year 1972 at Sakthinagar, Tamil Nadu and at Dhenkanal, Orissa in the year 1996. Sakthi Sugars Limited is one of the important members of the Sakthi Group contributing a large share of revenue to the group's turnover. In its pursuit for business excellence, the Sakthi Group, ever since its inception has been staunchly inclined towards fulfilling its social commitments.

Review of Literature Small Firm's Use of Financial Ratio Cohen, Susan, Cohan, Richard Oct 2000

This research examines capital structure theoryas it applies small, privately held firms. We hypothesized that, given the fine line between the firm and the firm owner in small firms, lenders should take both the characteristics of the firm and those of borrower into consideration. The owner educational level, however, was a positive predictor of external debt, suggesting that lenders may use education as a proxy for human capital.

Research Methodology

The researcher adopted the analysis of data in a manner that to combine relevance to purpose with economy in procedure. The preparation of the design of the project is popularly known as research design. It was used in primary data was collected for the first time. The project data has been collected through discussion with accounts manager of the company. Secondary data that are already collected and analyzed by someone else such as annual reports,. The study depends mainly in company's report, books and company's profile.

Objectives Of The Study

> To analyze the ratio analysis of the SAKTHI SUGAR LTD SIVAGANGAI UNIT

Ratio Analysis Current Ratio

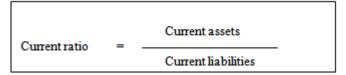


Table Showing Current Ratio

Table blowing Cuttent Ratio				
Year	Current assets (Rs in Lakhs)	Current liabilities (Rs in Lakhs)	Ratio (%)	
2008	101809.38	60048.77	1.69	
2009	104816.31	54611.07	1.92	
2010-2011	75887.98	157105.73	0.48	
2011-2012	82617.01	166365.94	0.49	

Source: ANNUAL REPORT Absolute Liquid/Cash Ratio

Absolute Liquid Ratio — Absolute liquid Assets

Current Liabilities

Table Showing Absolute Liquid Ratio

Year	Absolute liquid asset (Rs in Lakhs)	Current liabilities (Rs in Lakhs)	Ratio (%)
2008	6026.64	60048.77	0.10
2009	6108.75	54611.07	0.11
2010-2011	5978.82	157105.73	0.04
2011-2012	10548.89	166365.94	0.06

Source: ANNUAL REPORT Debtors Turnover Ratio

Debter's tumover ratio	Total Sales
Debtor's tumover ratio ——— –	Debtors

Table Showing Debtors Turnover Ratio

Year	Total Sales (Rs in Lakhs)	Debtors (Rs in Lakhs)	Times
2008	103847.83	11872.88	8.75
2009	140435.07	16305.02	8.61
2010-2011	216553.65	24437.17	8.86
2011-2012	112126.99	23977.04	4.68

Source: ANNUAL REPORT

Profitabilty Ratio

Net Profit Before Tax

NPBT =		Net profit before tax	
NLRI	=	Sales	X 100

Table Showing Net Profit Before Tax Ratio

Year	Net profit before tax (Rs in Lakhs)	Sales (Rs in Lakhs)	Ratio(%)
2008	(13318.31)	103847.83	(12.82)
2009	4076.32	140435.07	2.90
2010-2011	11703.00	216553.65	5.40
2011-2012	5189.16	112126.99	4.63

Source: ANNUAL REPORT. **Net Profit After Tax**

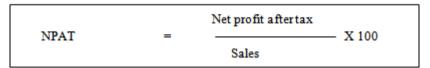


Table Showing Net Profitafter Tax Ratio

Year	Net profit after tax (Rs in Lakhs)	Sales (Rs in Lakhs)	Ratio(%)
2008	(12294.43)	103847.83	(11.83)
2009	2650.66	140435.07	1.89
2010-2011	9380.30	216553.65	4.33
2011-2012	5410.51	112126.99	4.83

Source: ANNUAL REPORT **Interpretation**

- The current ratio of the company is higher (1.92%) in 2009and it is lower (0.48%) in 2010-2011
- The Absolute liquid ratio of the company is higher (0.11%) in 2009and it is lower (0.04%) in 2010-2011
- The debtor's turnover ratio is higher in 2010-2011 (8.86times) and the ratio is lower in 2011-2012 (4.68times)
- The Net profit after tax is higher in 2011-2012 (4.83%) and the ratio is lower in 2008 (-11.83%)
- The net profit before tax is higher in 2010-2011 (5.40%) and the ratio is lower in 2008 (-12.82%)

SUGGESTION:

- The company should concentrate more on the working capital.
- > The company maintains it debit in order to have profit maximizations.

II. CONCLUSION

The study conducted on ratio analysis at "sakthi sugar limited, sivagangai unit" gives a view of analysis evaluation of liquidity position of the company. Based on the tools used analysis and interpretation have been made giving way for useful and constructive suggestions. Thus the ratio analysis of the company is satisfactory. The company should enhance its performance for meeting challenges and exploiting opportunities in future. The project will guide to the management to interpret its weakness and problems this will certainly help the management to taking financial decision. However more efforts need to be taken to improve the financial position for the growth of the company.

APPENDIX CONSOLIDATED BALANCE SHEET AS AT 31.12.2008 - 31.12.2009

	As at 31.12.2009	As at 31.12.2008
I.SOURCES OF FUNDS:		
(1)SHARESHOLDERS FUNDS:		
(a)shares capital	21,728.36	21,382.31
(b)share application money	1,566.00	1,566.00
(c)reserves and surplus	81,090.83	86,596.72
(2)LOANS FUNDS:		
(a)secured loans		
(b)unsecured loans		
(c)foreign currency convertible bonds	104,385.19	109,545.03
	158,037.60	144,038.08
	22,336.05	25,412.89
(4)DEFERRED TAX	20,819.21	29,070.00
LIABILITY		
TOTAL		
II.APPLICATION OF FUNDS:	201,192.93	198,520.97
(1)FIXED ASSEST:	,-,-	
Gross block	1,092.10	
Less: Depreciation	1,072.10	_
A 11 - '. 1 - 1 '		
Add:capital work in progress Add:increase in vaule on		
Account of revaluation	306,978.18	308,327.34
Net block	,	,
INTANGIBLE ASSETS		
(2)INVESTMENTS		
(3)DEFERRED TAX ASSET	205,689.84	163,568.68
(4) (i)CURRENT ASSESTS,	30,800.01	42,937.57
LOANS & ADVANCES:	,	,
(a) inventories		
(b) sundry debtors		
(c) cash and bank balances		
(d) other current assests	174,889.83	120,631.11
(e) loans and advances	12,590.06	23,139.66
(c) Tours and advances	12,570.00	23,137.00
Less:	-	48,085.76
(ii)CURRENT LIABILITIES		,
AND PROVISIONS		
_	187,479.89	191,856.53
Net current assesta(i)-(ii)	10.,	171,000.00
	22,225.34	22,699.97
(5)MISCELLANEOUS	22,223.34	22,099.97
EXPENDITURE		

TOTAL(1 TO 5)	45,641.53	50,026.80 225.75
	34,510.42 16,305.02 6,108.75 16,048.28 31,843.84	21,855.38 11,872.88 6,026.64 6,937.40 55,117.08
	104,816.31 54,611.07	101,809.31 60,048.77
	50,205.24	41,760.61
	1,426.18	1,757.68
	306,978.18	308,327.34

Consolidated Balance Sheet As At 31.03.2011-31.03.2012

Consolidated Balance Sheet As At 31.03.2011-31.03.2012			
	As at 31.03.2012	As at 31.03.2011	
I.EQUITY AND LIABILITIES			
(1)SHARESHOLDERS FUNDS:			
(a)shares capital	21,925.73	21,925.73	
(b)reserves and surplus	84,424.31	72,336.97	
(2)NON-CURRENT			
LIABILITIES			
(a)long term borrowings			
(b)deferred tax liabilities	106,350.04	94,262.70	
(c)other long term liabilities	ŕ	, , , , , , , , , , , , , , , , , , ,	
(d)long term provisions			
	105,623.35	103,518.28	
	480.98	198.44	
(2)CURRENT LIABILITIES	692.63	704.04	
(a)short term borrowings	2,038.08	1,679.24	
(b)trade payables	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
(c)other current liabilities			
(d)short term provisions			
TOTAL(1 TO 4)			
II.ASSESTS	100 925 04	107 100 00	
(1)NON-CURRENT ASSESTS	108,835.04	106,100.00	
(a)Fixed Assests	38,549.20	27,067.51	
(i)Tangible assests	37,459.75	36,287.70	
(ii)Intangible assests	82,272.30	85,760.42	
(iii)Capital work-in-progress	8,084.69	7,990.10	
(b)Non-current investments	3,00.1105	1,722 012 0	
(c)Long term loans and Advances			
(d)Other non-current assests			
(2)CURRENT ASSESTS	166,365.94	157,105.73	
(a)inventories			

(b)sundry debtors (c)cash and bank balances (d)other current assests (e)loans and advances	382,003.67	357,841.94
TOTAL (1 AND 2)		
	196,341.62 2,806.54 14,062.57 46,615.24 8,661.86 9,868.83 299,386.66	171,741.84 27,361.02 14,746.46 43,405.86 12,816.21 11,882.03 281,953.96
	35,383.07 23,977.04 10,548.89 3,469.48 9,238.53	32,211.35 24,437.17 5,978.82 3,955.08 9,305.56
	382,003.67	357,841.94

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