

# A STUDY ON FINANCIAL PERFORMANCE TO CHEPI SUPER MARKET, PUTHIAM PUTHUR.

Indhuja M <sup>[1]</sup> Oviya P <sup>[2]</sup> Singalakshmi M <sup>[3]</sup> karthika R <sup>[4]</sup>

<sup>[1][2][3][4]</sup> Department of Management Studies, PSR Engineering College, Sivakasi, India.

## ABSTRACT

*The financial performance analysis is the process of identifying the financial strengths and weakness of the firms by properly established the relationship between the items of balance sheet and profits and loss account. In details, the research methodology used for the study that has focused on the past performance of Chepi Super Market, Puthiam Puthur. This study purely relies on secondary data, which were collected for a period of past three years (2014 to 2018) the discussions made with the proprietor of the Chepi Super Market,. Also provided sufficient information relating to the management, working and day – to – day affairs of the Chepi Super Market, Puthiamputhur. The secondary data collected from company's annual report. In order to know the performance of the industry that was evaluated with the help of financial ratio. This paper used for financial report analysis namely current ratio, networking capital ratio, working capital ratio, liquidity ratio, gross profit ratio, fixed assets ratio, stock turnover ratio. This study reveals that financial strengths and weakness of the Chepi Super Market, puthiamputhur.*

*And the negative correlation exit between the current ratio and liquidity ratio. There is no significant relation between current ratio and working capital ratio. There is significant difference between current ratio and liquidity ratio. There is no significant difference between current ratio and working capital ratio. And the debtors value is largely increased. It is not good for the working capital, profitability and liquidity position.*

**Key Words:** Financial Position, Ratio Analysis, Liquidity Position, Debtors.

## INTRODUCTION:

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by property establishing the relationship between the items of balance sheet and profit and loss account. It also helps is short – term and long – term forecasting and growth can be identified with the help of financial performance analysis. The dictionary meaning of analysis is to resolve or separate a thing in to its elements or components parts for tracing their relation to the things as whole and to each other. The analysis of financial performance to obtain a better understanding by management of the firm's position and performance. This analysis can be undertaken by management of the firm or by parties outside the namely, owned, creditors, investors.

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplishes. It is the process of measuring the results of a firm's policies and operations in monetary items.

## OBJECTIVES:

- To analyze the financial performance of the company through ratio analysis.
- To study the various functions of various department in the company.
- To suggest overcoming the problem identified.
- To analyze of interpret the performance of the Chepi Super Market.

**REVIEW OF LITERATURE:**

Dr.D.MahilaVasanthiThangam (2016)<sup>1</sup> in their study entitled Financial performance analysis means establishing relationship between the items in the balance sheet and profit and loss account for determining the financial strength and weakness of the firm. The study entitled to know the financial position of the company that helps in making sound decision by analysing the recent trend. In this study, an attempt is made to identify the financial strength and weakness of the firm by properly establishing relationship between the items in the balance sheet and profit and loss account. The study aims to analyse the liquidity, profitability, solvency position of the company. The changes can be observed by comparison of the balance sheet at the beginning and at the end of a period and these changes can help in forming an opinion about the progress of an enterprise. The present study attempted to discuss the financial performance of the company. For this purpose, the relevant secondary data from the study units for a period of 5 years and data were analysed using comparative balance sheet. The analysis of the data has provided major conclusion that the company is witnessing a lot of risks in the form of competition, less profitability.

M.Ganga, P.Kalaiselvan, R.Suriya (2015)<sup>2</sup> in this study entitled “financial performance are mainly focused on analyzing the performance of finance which is revealed through profitability position of the concern for the study period. All the components which are influencing the financial strength could be analyzed. The study covers only last five years statement. The data collected from the study were both primary and secondary data in nature the primary data was collected through personal contacts with the executive and official of the financial division.

Prasanta paul (2011)<sup>3</sup> reported that “financial performance evaluation A comparative study on some selected NBFCs” in this study, five listed NBFCs have been considered for analyzing comparative financial performance. Different statistical tools like, arithmetic mean, standard deviation, co-efficient of variance, correlation and analysis of tendency, which is rigidly defined, easy to calculate, based on all observations and affected least by fluctuations of sampling has been applied in this study. In has been used to get a stable average and it is easy to understand the results of the study.

Dharmaraj and karthivel (2013)<sup>4</sup> in this study related to “Analyzing the financial performance of selected Indian automobile companies, suggested that the financial performance of atul auto Ltd, ashok Leyland, HMT Ltd, Tata motors Ltd, and SML ISUZU Ltd are highly improved as compared to the group average value for all ration. In india there is a huge scope for automobile companies. They are financially strong and they are growing at the rate of 17 percent companies with understanding of the activities that would enhance their financial performances. The results of this study imply that it might be necessary for all companies to take all required decision to enhance their financial position.

---

<sup>1</sup> Dr.D.Mahila Vasanthi Thangam., (2016)” Financial Performance Analysis of Kerala State Financial Enterprises Limited “, International journal of scientific engineering and applied science (March 2016). ISSN 2395-3470.

<sup>2</sup> M.Ganga, P.Kalaiselvan, R.Suriya.,(2015) “Evaluation of Financial Performance, international journal of scientific and research publication ISSN 2250-3153.

<sup>3</sup>Prasanta paul,(2011) “ financial performance evaluation –A comparative study of some selected NBFCs”, Indian journal of finance,.13-22.

<sup>4</sup>Dharmaraj.A and Karthivel. N (2013) “Analyzing the financial performance of selected indian automobile companies”. Global research analysis,2(4)18-20.

Choudhary (2011)<sup>5</sup> identifies the determinates of firms financial performance (both capital market and accounting accounting badesd) in Indian context. In his study the data of a sample of 233 companies is used to evaluate the financial performance measured in terms of shareholders value, growth and profitability using a set of independent variables during the period ranging from 1996 to 2008.

Hari govinda Rao (2013)<sup>6</sup> in this study entitled “An empirical analysis on financial performance of public sectors housing corporation in india. A case study of HUDCO”, stated that the main concept of their study is profitability and liquidity management is of crucial important in financial management decision. The most favorable financial performance could be achieved by a company that can trade off between profitability and liquidity performance indicators. The purpose of this study is to find out the financial position of and know the significance of them. Descriptive statistics disclose that performance of the selected unit in terms of liquidity position is found in 36 all the cases. They suggested that both the institutions under the study should concentrate on financial profitability, especially unexplained variables in purpose of creating shareholders wealth.

## RESEARCH METHODOLOGY:

### Research design:

The research design used for this project work is analytical in nature. The financial data collected from the company are used for analysis.

### Tools for analysis:

- Ratio analysis
- Correlation analysis
- Regression analysis
- Comparative analysis

### SECONDARY DATA COLLECTION:

- The secondary data were collected from the secondary sources, which include Annual Reports, internal record and text book pertaining to the financial analysis.
- The data thus collected is about the history and accounting policies of the organization. However the entire study was based on the secondary data, which are collected from the books, records journals and profiles of the organization.
- The study covers five years 2014-2019 based on the balance sheet and profit and loss account of the company through the Ratio Analysis.

## FINDINGS:

### 1.RATIO ANALYSIS

#### LIQUIDITY RATIO

Liquid ratio is that ratio of liquid asst and liquid liabilities or current liability. It is concerned with the relationship between liquid asset and liquid liability. It is otherwise called for quick ratio or short term solvency ratio.

$$\text{liquidity ratio} = \frac{\text{liquid asset}}{\text{Liquid liabilities}}$$

<sup>5</sup> Choudhary.K.,(2011,july ). An exploration of financial performances determinants evidences from indain corporate sector. JBFSIR, 141-15

<sup>6</sup> Hari Govinda Rao.,(2013)” An Empirical analysis on financial performance of public sector housing corporation in india, A case study of HUDCO international journal of research in commerce & management, 4(02)76-80.

**Table 1: Showing that Liquidity Ratio For The Period Of 2014-2019**

YEAR	LIQUID ASSET (RS)	LIQUID LIABLITIES (RS)	RATIO
2014-2015	1,93,440	1,62,450	<b>1.19</b>
2015-2016	4,45,800	1,86,500	<b>2.39</b>
2016-2017	1,89,250	2,52,300	<b>0.75</b>
2017-2018	4,82,720	1,96,340	<b>2.46</b>
2018-2019	5,52,160	1,98,650	<b>2.78</b>

From the above table, the liquid ratio during study period in the year 2014-2019 in the year 2018-19 liquidity ratio value is 2.78, it will increasing trend and in the year 2014-2015 the liquidity ratio value is 1.19 it was in decreasing trend, due to the liquid assets is high

#### WORKING CAPITAL TURNOVER RATIO

Working capital turnover ratio established relationship between cost of goods sold and working capital. As working capital has direct and close relationship with cost of goods sold, therefore, the ratio provides useful idea of how efficiently or actively working capital being used, cost of goods sold means sales, gross profit. Working capital means current assets, current liabilities.

$$\text{Working capital turnover ratio} = \frac{\text{Sales}}{\text{Net working capital}}$$

**Table 3.1.4 Showing that Working Capital Turnover Ratio For 2014-2019**

YEAR	NET ASSET (RS)	NET WORKING CAPITAL (RS)	RATIO
2014-2015	18,35,600	2,00,880	<b>9.14</b>
2015-2016	20,48,160	4,64,640	<b>4.41</b>
2016-2017	20,95,840	1,22,380	<b>8.17</b>
2017-2018	19,98,750	5,22,980	<b>3.82</b>
2018-2019	21,05,430	6,10,210	<b>3.45</b>

From the above table, the working capital turnover ratio during study period in the year 2014-2019 in the year 2018-19 working capital turnover ratio value is 9.14, it will increasing trend and in the year 2014-2015 the working capital turnover ratio value is 3.45, it was in decreasing trend, due to the current asset and liability position is high.

## 2.COMPARATIVE BALANCE SHEET

The comparative balance sheet helps in comparing the assets and liabilities and find out the increase to decrease in the various items of the balance sheet. It also helps in studying the trend of the growth of a company. The comparative balance sheet entails an examination of several balance sheets and enable the management to achieve the first objective of the firms.

**Table 2: COMPARATIVE BALANCE SHEET AS ON (2017-2018)**

ASSETS	2017	2018	AMOUNT OF INCREASE	PERCENTAGE
Furniture	86,900	78,210	-8,690	<b>-11.11</b>
Closing stock	2,36,600	2,56,700	20,100	<b>7.83</b>
Cash in hand	18,760	36,200	17,440	<b>48.18</b>
Cash at bank	18,640	21,660	3,020	<b>13.94</b>
Sundry debtors	4,45,320	4,94,300	48,980	<b>9.90</b>
Total asset	8,06,220	8,87,070	80,850	<b>9.11</b>
<b>LIABILITIES</b>				
Capital account	6,09,880	6,88,420	78,540	<b>11.41</b>
Sundry creditors	1,96,340	1,98,650	2,310	<b>1.16</b>
Total liability	8,06,220	8,87,070	80,850	<b>9.11</b>
<b>COMPARATIVE INCOME STAMENT</b>				
Salary	48,000	48,000	0	<b>0</b>
Rent	42,000	42,000	0	<b>0</b>
Electricity exp	3,540	4,560	1,020	<b>22.37</b>
Travelling exp	19,500	19,850	350	<b>1.76</b>
Telephone exp	6,430	4,320	-2,110	<b>-48.84</b>
Pooja exp	5,640	2,190	-3,450	<b>-157.53</b>

Maintanance exp	19,650	13,450	-6,200	<b>-46.09</b>
Sundry exp	32,800	43,540	10,740	<b>24.67</b>
<b>Net profit</b>	2,23,560	2,34,540	1,0,980	<b>4.68</b>

From the analysis table 3.2.4 is recorded higher value is the asset cash at hand (144.20%) and lower value in the liability is total (11.41%). There is excess of current asset over current liability.

### 3. CORRELATION ANALYSIS

#### CORRELATION CURRENT RATIO AND LIQUID RATIO

**Table 3: showing the correlation between current ratio and liquidity ratio**

	CURRENT RATIO	LIQUID RATIO
CURRENT RATIO	1	
LIQUID RATIO	0.95548	1

**H<sub>0</sub>:** There is no relationship between current ratio and liquidity ratio.

**H<sub>1</sub>:** There is a relationship between current ratio and liquidity ratio.

There is a positive relationship exist between the two variables (0.95) between the current ratio and liquidity ratio.

### 4. REGRESSION ANALYSIS

Regression analysis is a set of statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variables and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the independent variables changes when any one of the independent variables is varied, while the others independent variables are help fixed.

**Regression Equation (y) = a + bx**

$$\text{Slope (b) = } \frac{N\sum XY - (\sum X)(\sum Y)}{N\sum X^2 - (\sum X)^2}$$

$$\text{Intercept (a) = } \frac{\sum Y - b(\sum X)}{N}$$

**TABLE 4: SHOWING THE REGRESSION BETWEEN CURRENT RATIO AND LIQUID RATIO****Regression statistics**

Multiple R	0.95548
R Square	0.905334
Adjusted R square	0.974536
Standard Error	0.62505
Observation	5

ANOVA					
	<b>DF</b>	<b>SS</b>	<b>MS</b>	<b>F</b>	<b>Significance F</b>
Regression	1	0.95430603	0.95430603	0.7535	0.005058
Residual	3	0.095755	0.057575		
Total	4	1.0501153			

**H0:** There is no difference between current ratio and liquidity ratio.

**H1:** There is a difference between current ratio and liquidity ratio.

The regression value of current ratio and liquidity ratio is 1.05 so there is a no different between the current ratio and liquidity ratio.

**SUGGESTION:**

- On the basis of above analysis and interpretations, it is clear that the operational performance and the financial soundness. Of chepi super market is comparatively better than that of company.
- Some operational and administrative and required in chepi super market.
- There are some recommendation and suggestions for the administrative and better utilization of resources in chepi super market.

**CONCLUSION:**

The present study has thrown light on the various financial aspects of super market. There are certain drawbacks which have been studied at the appropriate place, suggestions for improvement have also been submitted. It can be hoped that if the management tries to follow these suggestions some shortcomings which have pointed out can be removed. The researcher has tried her best to do justice with her study. Financial statements are prepared primarily for decision- making. They play a dominant role- in setting the framework of management decision. But the information provided in financial statements is not an end itself as so meaningful conclusion can be drawn from these statements alone.

**REFERENCES****TEXT BOOKS:**

1. Basic financial management – M Y Khan & P K Jain, Tata McGraw – Hill publishing company limited, new Delhi.2000
2. Research Methodology – C.R. Kotharti, New age/ iteration (P) ltd publisher, New Delhi. Second edition 2006.
3. Financial management – I.M Pandy, vikas publishing house Pvt Ltd.

**JOURNAL**

1. Dr.D.Mahila Vasanthi Thangam., (2016)” Financial Performance Analysis of Kerala State Financial Enterprises Limited “, International journal of scientific engineering and applied science (March 2016). ISSN 2395-3470.
2. M.Ganga, P.Kalaiselvan, R.Suriya.,(2015) “Evaluation of Financial Performance, international journal of scientific and research publication ISSN 2250-3153.
- 3.Prasanta paul,(2011) “ financial performance evaluation –A comparative study of some selected NBFCs”, Indian journal of finance.,13-22.
- Dharmaraj.A and Karthivel. N (2013) “Analyzing the financial performance of selected indian automobile companies”. Global research analysis,2(4)18-20.
- 4.Choudhary.K.,(2011,july ). An exploration of financial performances determinants evidences from indain corporate sector. JBFSIR, 141-15
- 5.Hari Govinda Rao.,(2013)” An Empirical analysis on financial performance of public sector housing corporation in india, A case study of HUDCO international journal of research in commerce & management, 4(02)76-80.
6. Sivabagyam.R, Harshitha.B, Gowthami. D, Jayakrithika.R Nivethitha G. (2019)“financial performance analysis of selected iron and steel companies in india. Blue eyes intelligence engineering & science publication. Retrieval Number: L113910812S19/2019@BEIESP DOI: 10.35940/ijitee.L1139.10812S19 .
7. J.Pavithra, K.P.Thooyamani, & Kermiki Dkhar.,(2017) “financial performance with reference to jepplaar cements pvt ltd International Journal of Pure and Applied Mathematics. ISSN:1311-8080 (Printed version ); ISSN:1314-3395 (Online version).
8. C. Balaji.,(2015) “Financial Performance Analysis at Neycer India Ltd”, international journal of pure and applied research; volume 1(1) /2015
9. Gowsalya.R and Mohammed hasan.M., (2017) “financial performance analysis”, 2017 IJRTI, ISSN:2456-3315.
10. Sharmila.P., (2019)” financial performance analysis of Hindustan Unilever Limited”, cikitusi journal and multidisciplinary research ISSN NO 0975-6876.
11. V.Vijayalakshmi and M.Srividya., (2014) “financial performance pharmaceutical industry in india, journal of management science. ISSN NO:2249-1260 & e-ISSN NO: 2250-1819.