

Financial Statement Analysis of Rydon Industries Pvt Ltd, Coimbatore

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ABSTRACT

The financial statements are prepared by certain accounting conventions and principles. Accounting itself is a dynamic science, and accountants have developed, from time to time, a number of conventions on the experiences. Even though a number of conventions and assumptions have been propounded in accountancy, their use is affected by the personal judgment of accounts. The financial statements are affected by the personal judgment of accountants and such as they are subjective documents. The company should increase sales volume as well as gross profit. Despite price drops in various products, the company has been able to maintain and grow its market share to make strong margins in market, contributing to the strong financial position of the company

Keywords: Accounting Conventions, Financial Statements, Personal Judgment, Subjectivity in Accounting, Dynamic Science, Gross Profit, Sales Volume, Market Share, Financial Performance, Profitability, Accounting Principles, Financial Position, Pricing Strategy.

INTRODUCTION OF THE STUDY

Financial analysis is the process of examining a company's performance in the context of its industry and economic environment in order to arrive at a decision or recommendation. Often, the decisions and recommendations addressed by financial analysts pertain to providing capital to companies—specifically, whether to invest in the company's debt or equity securities and at what price.

DEFINITIONS OF FINANCIAL STATEMENT ANALYSIS

According to Myers: "Financial Statement Analysis is largely a study of relationship among the various financial factors in a business as disclosed by single set of statements, and study of the trend of these factors as shown in a series of statement".

Financial statement analysis, seeking to describe and explain:

- The demand and supply forces underlying the provision of financial statement data.
- The properties of numbers derived from financial statements.
- The key aspect of decision that use financial statement information.
- The features of the environment in which these decisions are made.

STATEMENT OF THE PROBLEM

The financial statement is an important factor which indicates the growth of the industry. It is influenced by several factors like cost, revenue and the result margin of the company. Financial statement may exhibit with the help of many aspects namely financial facts, financial ratio, financial health, financial strength,

utilization of assets etc. If the analysis made on all the aspects of the company gives a clear cut picture about the financial statement of the companies it can be used for some policy implication for future development of the company. Hence, in this study an attempt has been made to study the relationship between various aspects of financial statement of the company. The cause and effects relationship, growth performance of the company and the utilization of assets are the real problems focused in the present study to analyze the financial of the company under this study

OBJECTIVES OF THE STUDY

Primary objective

The study on financial statement analysis towards Rydon Industries Pvt Ltd at Coimbatore

Secondary objectives

- To study the overall financial statement analysis with data collection
- To study the origin and growth of the industry
- To analyze the financial position of the company through ratio analysis
- To study the financial position and comparative statement of year by year
- To study the trend level or sales to the industry

REVIEW OF LITERATURE

C. Kent Greenwald (2019) explored the application of financial statement analysis in assessing the performance and competitiveness of the global industry. The study emphasized the importance of profitability, solvency, and liquidity ratios in evaluating a company's financial health. Greenwald highlighted that firms with efficient cost management and investment strategies outperformed their peers during economic downturns. The research also stressed the impact of innovation in production and marketing on financial performance, suggesting that companies adopting advanced technologies had higher growth potential. The study concluded that a comprehensive financial analysis approach is crucial for strategic decision-making in the automotive sector.

K. Roncin (2019) analyzed the financial performance of the global industry, focusing on the relationship between financial ratios and market competitiveness. The study emphasized the role of liquidity management, debt-to-equity ratio, and profit margins in assessing a firm's financial stability. He highlighted that companies with strong cash flow management and low leverage were better equipped to withstand market fluctuations. Additionally, the study examined the influence of capital investments in technology and innovation on long-term profitability.

R. Leloup (2020) examined the use of financial statement analysis as a tool for evaluating the economic and operational efficiency of the companies. The study focused on key financial ratios, such as return on assets (ROA) and operating profit margins, to assess performance. He highlighted the role of cost control and innovation investment in driving profitability and maintaining a competitive edge. The research also addressed the challenges posed by fluctuating raw material costs and regulatory pressures, emphasizing their impact on financial outcomes. He concluded that detailed financial analysis is indispensable for strategic decision-making in the automotive sector.

Ephraim Clark (2020) explored the financial dynamics of the industry through the lens of financial statement analysis, emphasizing key indicators like profitability, solvency, and liquidity. The study focused on the role of financial ratios in evaluating the operational efficiency and market competitiveness of the companies. Clark highlighted the importance of capital investment and cost management in

maintaining profitability, particularly in the face of fluctuating raw material costs and global demand. The research also discussed the effects of economic cycles and regulatory changes on the financial stability of the sector. Clark concluded that robust financial statement analysis is essential for strategic decision-making and long-term growth in the industry.

S.H. Chao and M.R. Bayat et al. (2021) conducted a study on the financial performance of the global industry, using financial statement analysis to assess key financial ratios such as liquidity, profitability, and solvency. The authors emphasized the importance of understanding market volatility and raw material price fluctuations in evaluating the financial health of the companies. Their research highlighted that firms with effective cost control and investment strategies were more resilient to market downturns. Chao and Bayat concluded that financial statement analysis plays a crucial role in guiding the decision-making process for stakeholders in the sector.

Pradeep V and Papa Rao G (2021) analyzed the financial performance of the companies in India, focusing on profitability, asset utilization, and financial solvency. Their study used ratio analysis to evaluate the financial health of key players in the sector, particularly in terms of return on assets and debt management. They identified that companies with low debt-to-equity ratios and high asset turnover ratios demonstrated better financial performance. The study also examined the impact of government policies and market demand fluctuations on the financial stability of the industry.

David J. Moore (2021) reviewed the application of financial statement analysis in the global industry, focusing on profitability and solvency metrics to assess company performance. Moore's study emphasized the volatility in raw material costs and its impact on financial stability. The research found that firms with strong liquidity positions and effective cost management strategies were better able to navigate market fluctuations. Moore concluded that financial statement analysis provides critical insights into the operational health and risk exposure of companies, making it an essential tool for investors and management alike.

Robert Bloom (2022) analyzed the financial performance of leading companies using key financial ratios such as return on equity, asset turnover, and liquidity ratios. Bloom's study emphasized the challenges faced by the industry, such as fluctuating raw material costs and intense global competition. His research concluded that financial statement analysis is crucial for understanding a company's risk exposure, particularly in terms of capital structure and debt management. He also identified the importance of diversification and innovation as strategic approaches for improving financial performance and resilience in the industry.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Research is a process in which the researchers wish to find out the end result for a given problem and thus the solution helps in future course of action. The research has been defined as —A careful investigation or enquiry especially through search for new facts in branch of knowledge.

RESEARCH DESIGN

The research design of the present study is analytical.

SOURCES OF DATA

Only the secondary data has been used in project study. The researcher himself being an external one and

doing study as a part of curriculum has had to depend mainly upon secondary data for the different aspects.

WORK OF ANALYSIS

To arrive at research findings and the conclusion of the present study, ratio analysis, comparative balance sheet analysis and Trend analysis have been used.

TOOLS USED FOR ANALYSIS OF DATA

- Ratio analysis
- Trend analysis
- Common size balance sheet

DATA ANALYSIS AND INTERPRETATION

ANALYSIS OF DATA

The analysis of data requires a number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing inferences. The unwieldy data should necessarily condense into a manageable groups and tables for further analysis. Thus, researcher should classify the raw data into some purposeful and usable categories. Analysis work after tabulation is generally based on the computation of various percentages, coefficients, etc., by applying various well defined statistical formulae.

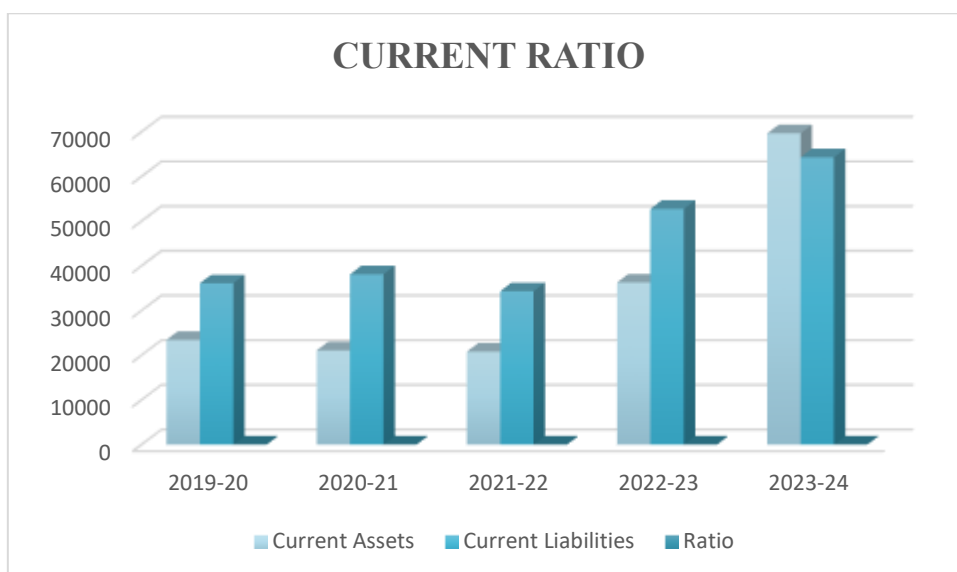
INTERPRETATION OF DATA

The real value of research lies in its ability to arrive at certain generalizations. If the researcher had no hypothesis to start with, he might seek to explain his findings on the basis of some theory. It is known as interpretation. The process of interpretation may quite often trigger off new questions which in turn may lead further researches.

CURRENT RATIO

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Year	Current Assets	Current Liabilities	Ratio
2019-20	23435.06	36085.67	0.65
2020-21	21073.33	38109.37	0.55
2021-22	20816.06	34315.21	0.61
2022-23	36255.24	52755.72	0.69
2023-24	69656.29	64276.99	1.08



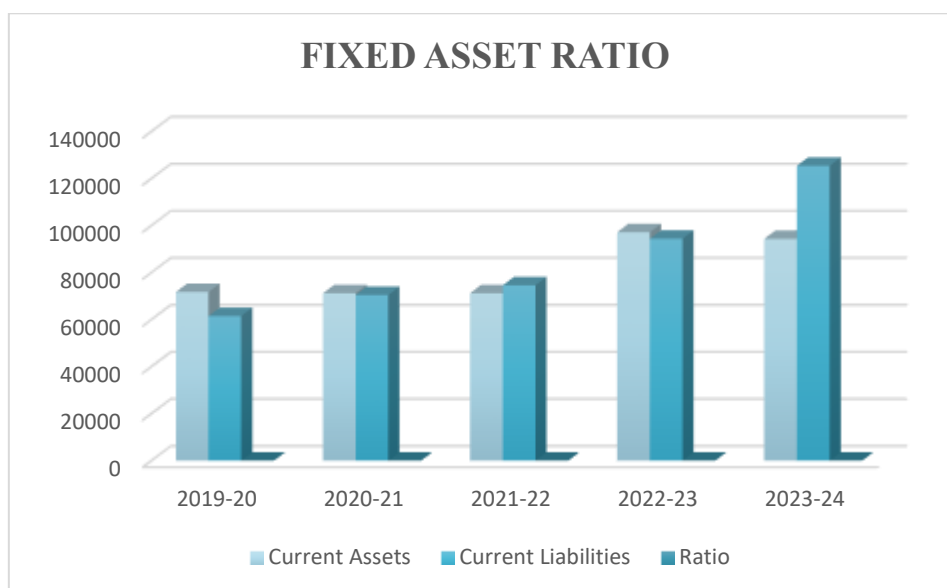
INTERPRETATION

The current ratio is a measure of firm's short term solvency. It indicates the availability of current assets in rupees for every one rupee of current liability. As conversion role, during the year 2019-20 the current ratio was 0.65 which is decreased to 0.55 the next year. The next year 2022-23 is increased to 0.69. The last year is increased 1.08 in 2023-24. The current ratio is increasing trend during the study period.

FIXED ASSET RATIO

$$\text{Fixed asset Ratio} = \frac{\text{Fixed Asset}}{\text{Long term funds}}$$

Year	Fixed Asset	Long term funds	Ratio
2019-20	71729.08	61514.84	1.17
2020-21	71222.02	70454.71	1.01
2021-22	71233.38	74563.12	0.95
2022-23	97143.28	94410.12	1.03
2023-24	94290.43	125433.76	0.75



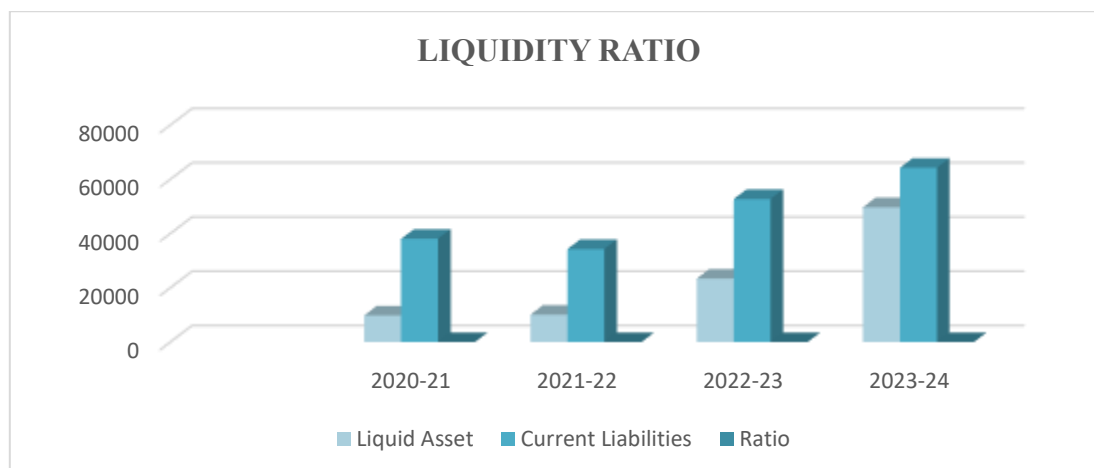
INTERPRETATION

This shows the fixed assets ratio during the period 2019-24. The table indicates that the company has 1.17 in the year of 2019-20 then next year decreased to 1.01 in 2022-21. The last year decrease 0.75 in the year of 2023-24. The Fixed asset ratio is decreasing in year by year, so the fixed asset ratio is decreasing trend in this study period.

LIQUIDITY RATIO

$$\text{Liquidity Ratio} = \frac{\text{Liquid Asset}}{\text{Current Liabilities}}$$

Year	Liquid Asset	Current Liabilities	Ratio
2019-20	12411.65	36085.67	0.34
2020-21	9817.99	38109.37	0.26
2021-22	10099.4	34315.21	0.29
2022-23	23397.73	52755.72	0.44
2023-24	49713.35	64276.99	0.77



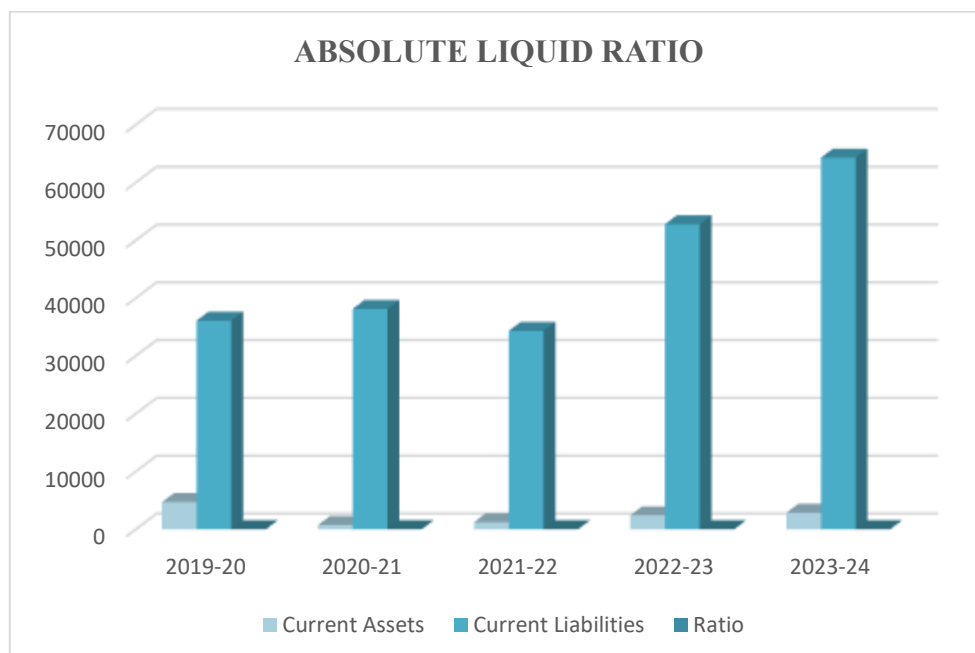
INTERPRETATION

The above table shows that the liquidity ratio during the study period is 0.34 in the year of 2019-20 and further decreased to 0.26 in 2021-22 then increased to 0.29 in the year of 2022-23 and then increased to 0.44 and then last year increased to 0.77. It has been decreasing and the normal ratio. Hence the firm is controlling its stock position because there are linear relationship between current ratio and liquidity ratio.

ABSOLUTE LIQUIDITY RATIO

$$\text{Liquidity Ratio} = \frac{\text{Cash + bank + marketable securities}}{\text{Current Liabilities}}$$

Year	Cash & bank Balance	Current Liabilities	Ratio
2019-20	4696.74	36085.67	0.13
2020-21	718.11	38109.37	0.02
2021-22	1226.87	34315.21	0.03
2022-23	2396.90	52755.72	0.04
2023-24	2855.29	64276.99	0.04



FINDINGS, SUGGESTIONS AND CONCLUSIONS

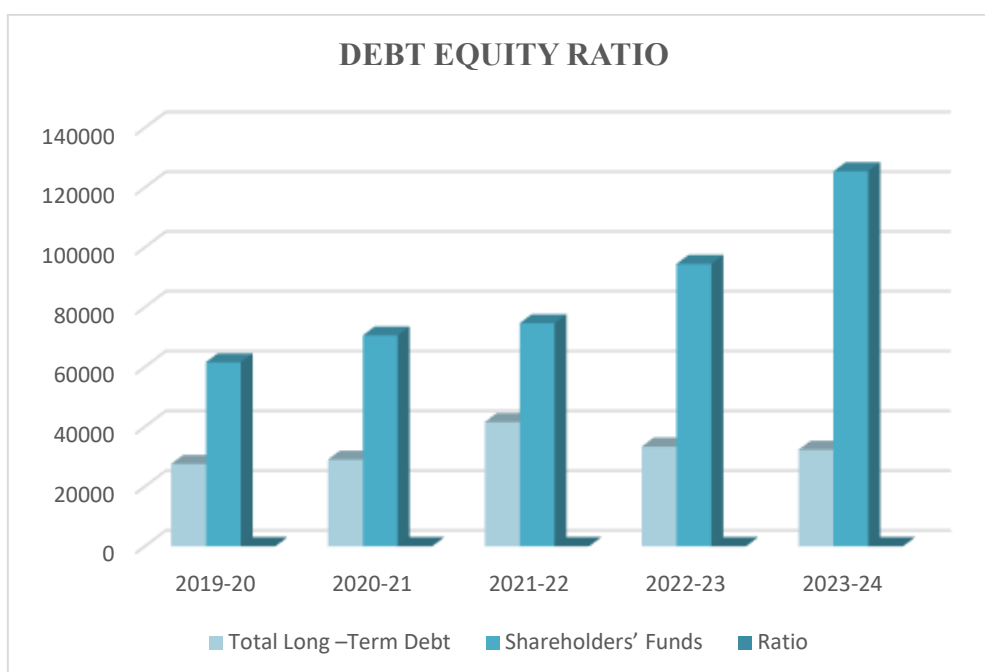
INTERPRETATION

The above table shows the absolute ratio for the study period 2019-24. There is a maintain low level position in the absolute liquidity ratio. It was 0.13 in the year 2019-20 then next three years ratio was 0.02, 0.03, 0.04 in the year of 2020-23. Next it same level to 0.04 in the year 2023-24.

DEBT EQUITY RATIO

$$\text{Debt Equity Ratio} = \frac{\text{Total long term debt}}{\text{Shareholder's fund}}$$

Year	Total Long Term Debt	Shareholders' Funds	Ratio
2019-20	27513.83	61514.84	0.45
2020-21	28934.28	70454.71	0.41
2021-22	41514.23	74563.12	0.56
2022-23	33305.09	94410.12	0.35
2023-24	32275.47	125433.76	0.26



INTERPRETATION

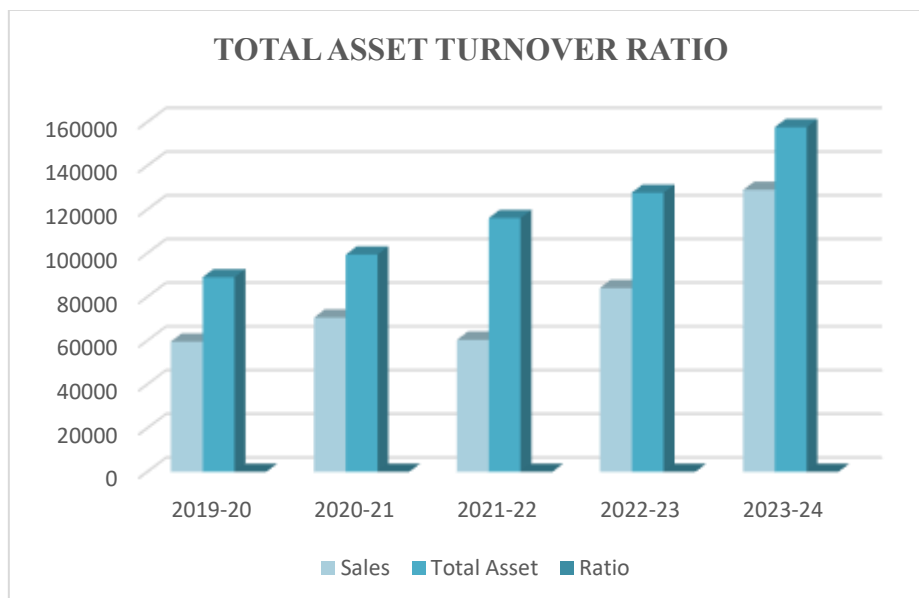
The above table shows that the debt equity relationship of the company during the study period. It was 0.45 in the year 2019-20 and then decreased to 0.41 then next year increase to 0.56 in 2021-22 again in the next year 2022-23 onwards it ultimately come down to 0.35. It was decreased from the year 2023-24 is 0.26. Hence the company is not efficient maintaining its debt position. The debt equity ratio was decreasing trend.

TOTAL ASSET TURNOVER RATIO

$$\text{Total Asset Turnover Ratio} = \frac{\text{Sales}}{\text{Total Asset}}$$

Year	Sales	Total Asset	Ratio
2019-20	59616.82	89028.67	0.67
2020-21	70610.71	99388.99	0.71

2021-22	60435.97	116077.35	0.52
2022-23	84132.92	127715.21	0.66
2023-24	129021.35	157709.23	0.82



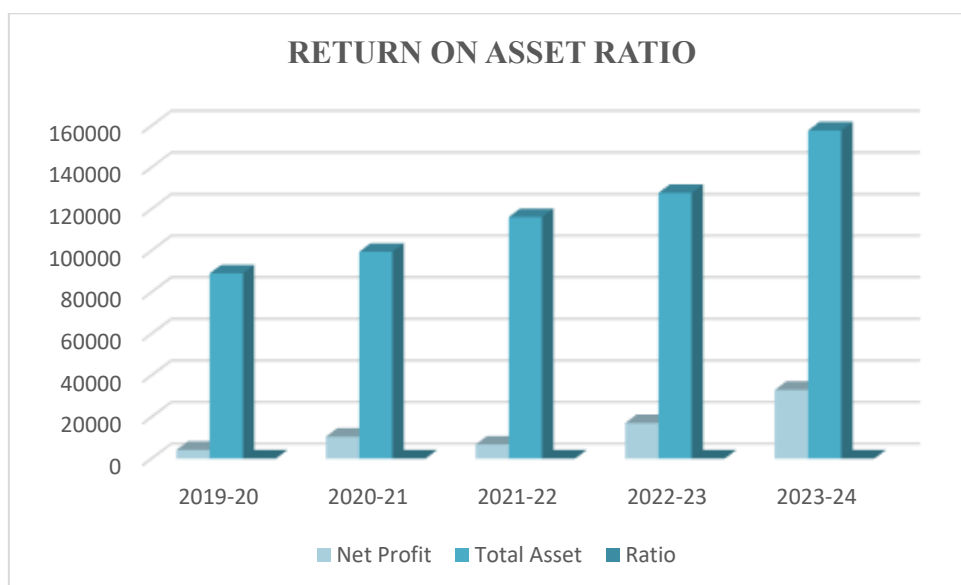
INTERPRETATION

The above table shows that the Total assets turnover ratio of the company during the study period. It was 0.67 in the year 2019-20 and then reached up to 0.71 again in the next year 2021-22 onwards it ultimately decreased to 0.52 to 0.66. It was increased from the year 2023-24 is 0.82. Hence the company is maintaining its bad level position of assets. The Total assets turnover ratio was fluctuating trend.

RETURN ON ASSETS RATIO

$$\text{Return on Asset Ratio} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

Year	Net Profit	Total Asset	Ratio
2019-20	4169.55	89028.67	0.05
2020-21	10533.19	99388.99	0.10
2021-22	6743.80	116077.35	0.06
2022-23	17077.97	127715.21	0.13
2023-24	33011.18	157709.23	0.21



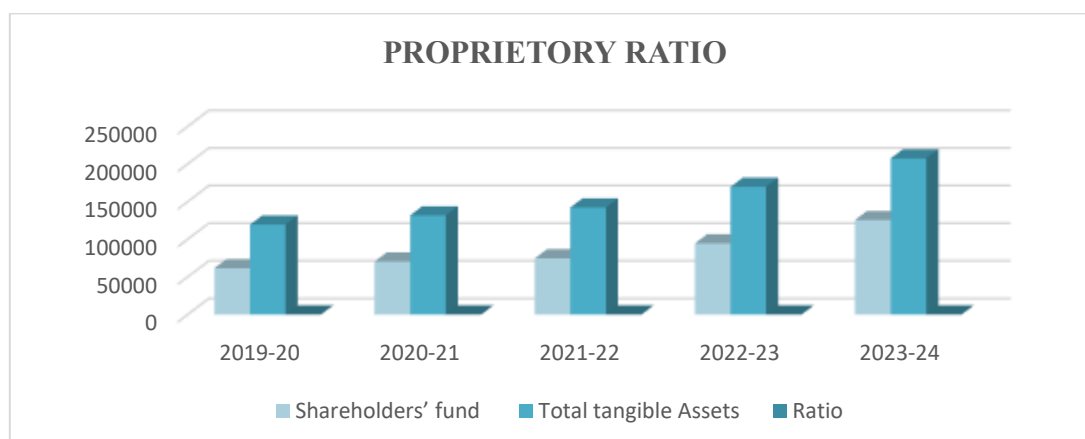
INTERPRETATION

The above table shows that the Return on Assets ratio of the company during the study period 2019-24. It was 0.05 in the year 2019-20 and then increased to 0.10 again in the next two year of 2022-23 and 2023-24 onwards it ultimately increased to 0.13 to 0.21. So the Return on Assets ratio was increasing in year by year.

PROPRIETARY RATIO

$$\text{Proprietary Ratio} = \frac{\text{Shareholder's Fund}}{\text{Total Tangible Asset}}$$

Year	Shareholders' fund	Total tangible Assets	Ratio
2019-20	61514.84	119441.07	0.51
2020-21	70454.71	131702.07	0.53
2021-22	74563.12	142145.51	0.52
2022-23	94410.12	169582.65	0.56
2023-24	125433.76	207444.26	0.60



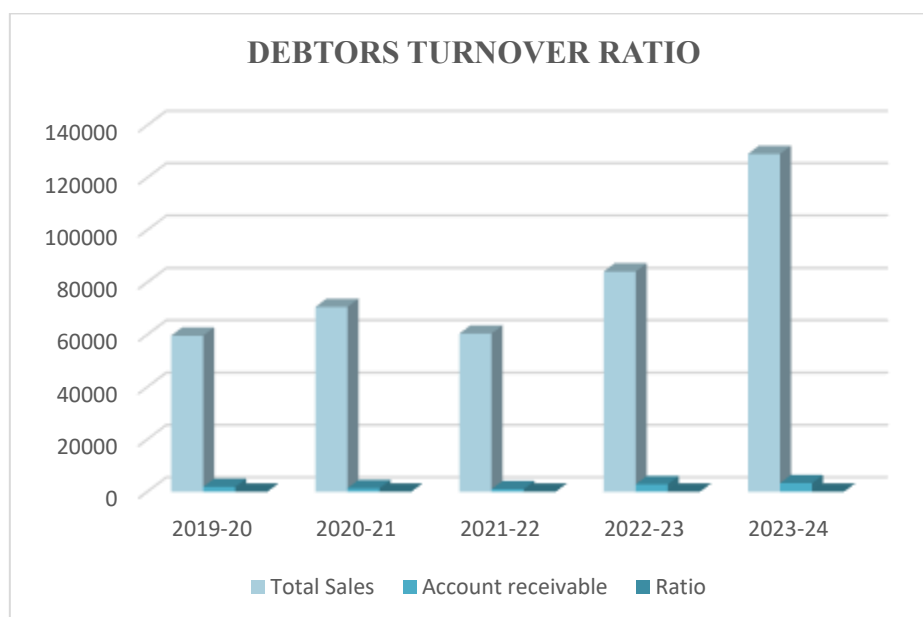
INTERPRETATION

The above table and diagram shows that the proprietary ratio during the study period. In the year of 2019-20 is 0.51 and in the last year of 2023-24 is increased to 0.60. In all the years the owner's contribution to the total assets was appropriate and they maintain their share in the company's assets.

DEBTORS TURNOVER RATIO

$$\text{Debtors Turnover Ratio} = \frac{\text{Total Sales}}{\text{Account Receivables}}$$

Year	Total Sales	Account receivable	Ratio
2019-20	59616.82	1875.63	31.78
2020-21	70610.71	1363.04	51.80
2021-22	60435.97	1016.73	59.44
2022-23	84132.92	2878.58	29.23
2023-24	129021.35	3280.30	39.33



INTERPRETATION

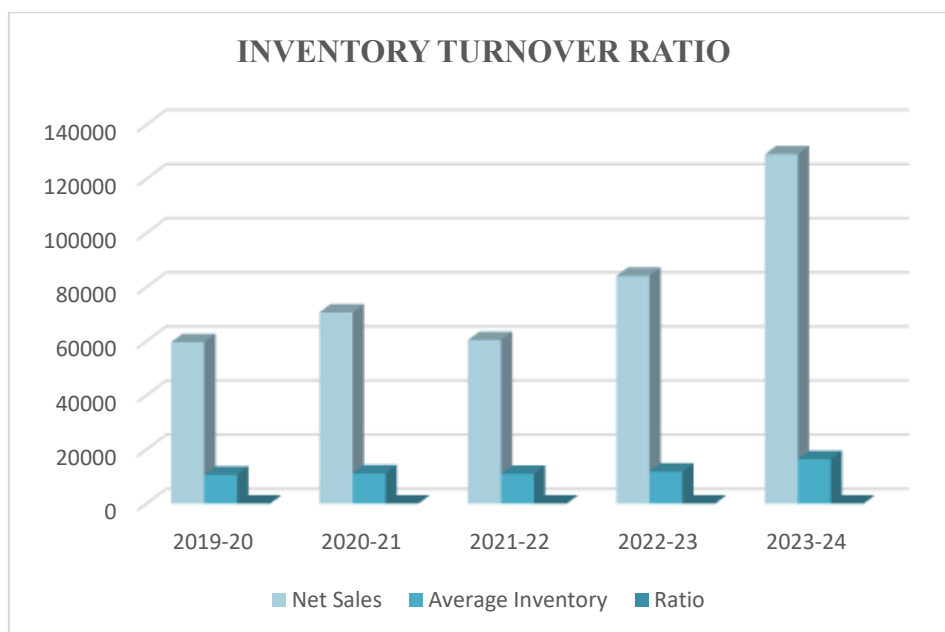
From the above table it is inferred that the debtor's turnover ratio shows a decreasing, it was higher Ratio 59.44 in the year 2021-22 and shows a decreased 29.23 in the year of 2022-23. It shows that the company has not better collection of debt. The debtor's turnover ratio is decreasing trend.

INVENTORY TURNOVER RATIO

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory or Stock}}$$

Year	Net Sales	Average Inventory	Ratio
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2019-20	59616.82	10630.13	5.61
2020-21	70610.71	11139.37	6.34
2021-22	60435.97	10986.00	5.50
2022-23	84132.92	11787.08	7.14
2023-24	129021.35	16400.22	7.87



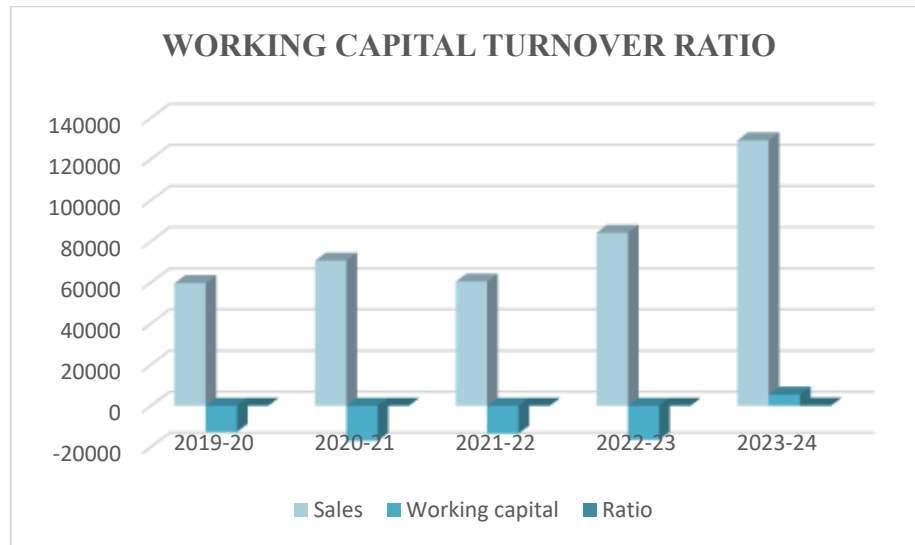
INTERPRETATION

The ratio is observed that it shows the good position as far as Inventory turnover ratio is concerned. In the year of 2019-20 ratio was 5.61 and then next year increased to 6.34. The last year inventory turnover ratio was 7.87 in 2023-24. The company Inventory turnover ratio was increasing and fluctuating trend.

WORKING CAPITAL TURNOVER RATIO

$$\text{Working Capital Turnover Ratio} = \frac{\text{Sales or Cost of sales}}{\text{Working Capital}}$$

Year	Sales	Working capital	Ratio
2019-20	59616.82	-12650.61	-4.71
2020-21	70610.71	-17036.04	-4.14
2021-22	60435.97	-13499.15	-4.48
2022-23	84132.92	-16520.48	-5.09
2023-24	129021.35	5379.30	23.98



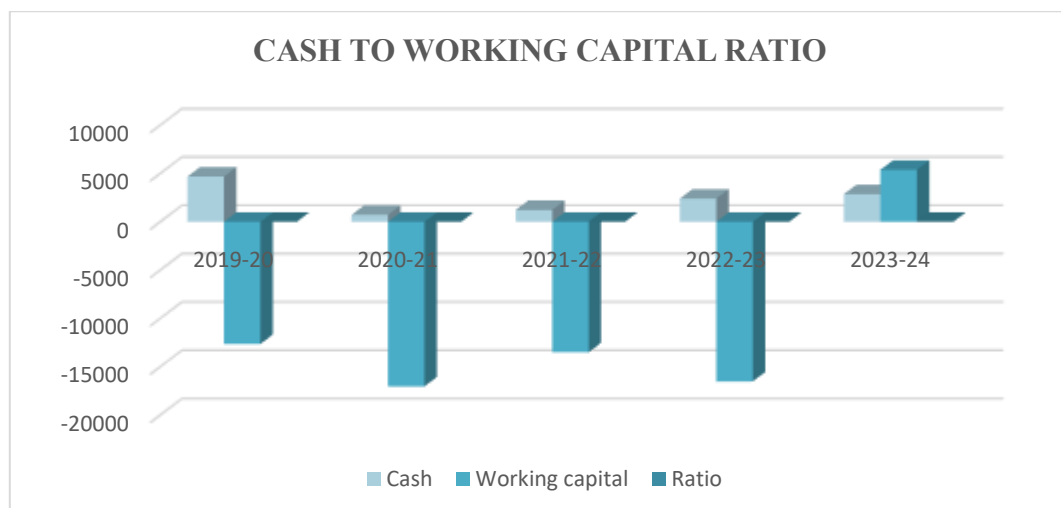
INTERPRETATION

Working capital turnover ratio establishes relationship between cost of sales and net working capital. The above table depicts the working capital turnover ratio from the year of 2019-20 was -4.71 and has decreased -4.14. Again in the year of 2021-22 was increased to -4.48 then again increased to -5.09 in the year of 2022-23. The last year has increased 23.98 from 2023-24.

CASH TO WORKING CAPITAL RATIO

$$\text{Cash to Working Capital Ratio} = \frac{\text{Cash}}{\text{Working Capital}}$$

Year	Cash	Working capital	Ratio
2019-20	4696.74	-12650.61	-0.37
2020-21	718.11	-17036.04	-0.04
2021-22	1226.87	-13499.15	-0.09
2022-23	2396.90	-16520.48	-0.14
2023-24	2855.29	5379.30	0.53



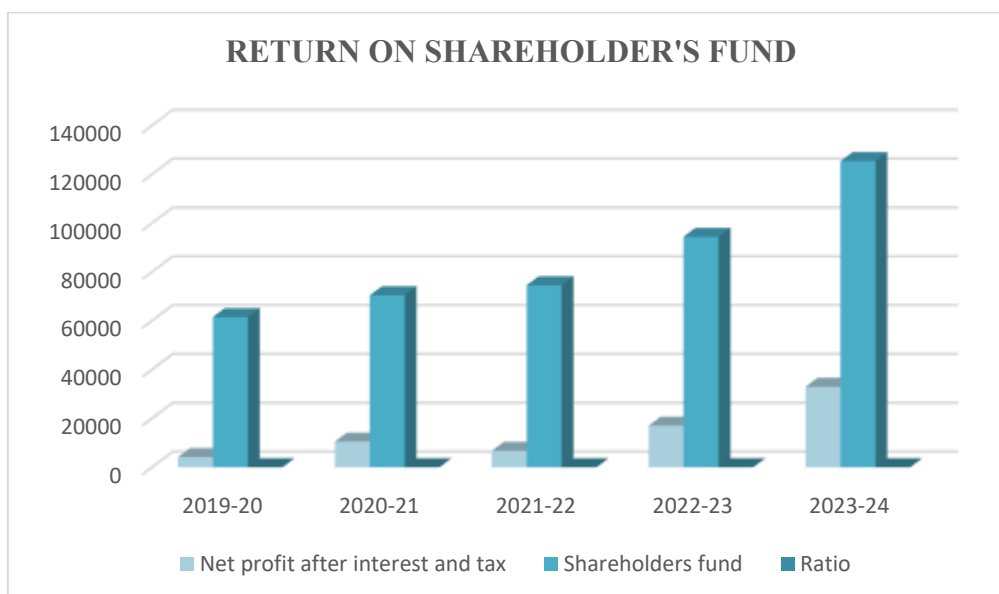
INTERPRETATION

From the above table, the ratio is gradually from year 2019-24 performance in working capital. In the year of 2019-20 is -0.37. In the year of 2020-21 are increased to -0.04. In the year of 2021-24 was -0.09, -0.14, 0.53. Fluctuate cash to working capital ratio can indicate the company may be from satisfied cash reserves, and may not be able to meet its financial obligations.

RETURN ON SHAREHOLDER'S FUND

$$\text{Return on shareholder's fund} = \frac{\text{Net profit after interest and tax}}{\text{Shareholder's fund}}$$

Year	Net profit after interest and tax	Shareholders fund	Ratio
2019-20	4169.55	61514.84	6.78
2020-21	10533.19	70454.71	14.95
2021-22	6743.80	74563.12	9.04
2022-23	17077.97	94410.12	18.09
2023-24	33011.18	125433.76	26.32



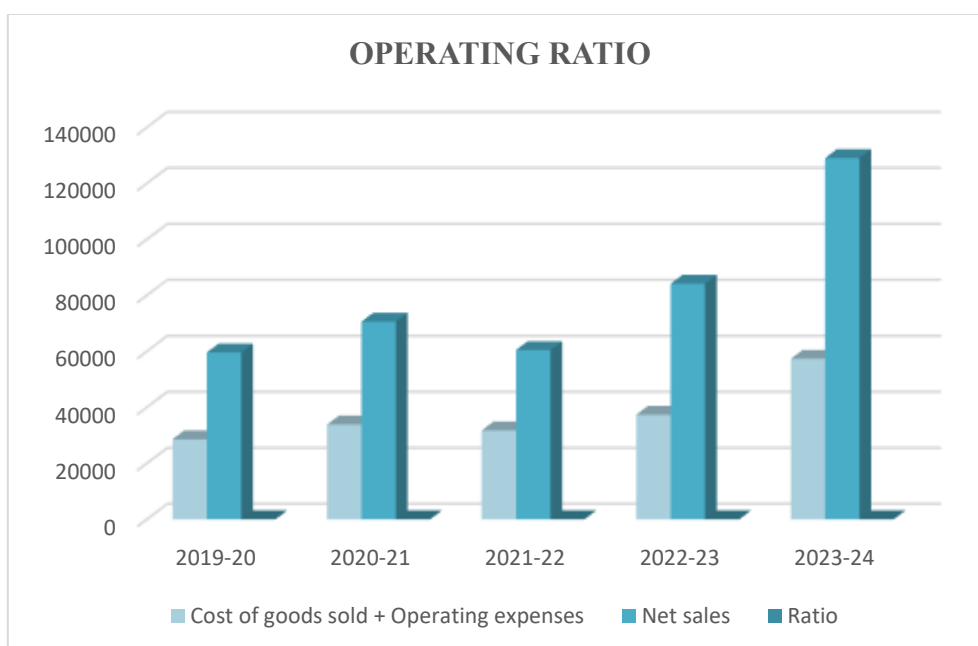
INTERPRETATION

From the above table shows the return on shareholder funds ratio for the year 2019-20 is 6.78 and the next year of 2020-21 is increased to 14.95. The final year of 2023-24 is increased to 26.32. The return on shareholder funds ratio is better performance for the company. This is increased for year by year.

OPERATING RATIO

$$\text{Operating ratio} = \frac{\text{Cost of goods sold} + \text{Operating expenses}}{\text{Net sales}} \times 100$$

Year	Cost of goods sold + Operating expenses	Net sales	Ratio
2019-20	28585.34	59616.82	0.48
2020-21	33852.82	70610.71	0.48
2021-22	31727.19	60435.97	0.52
2022-23	37366.39	84132.92	0.44
2023-24	57335.89	129021.35	0.44



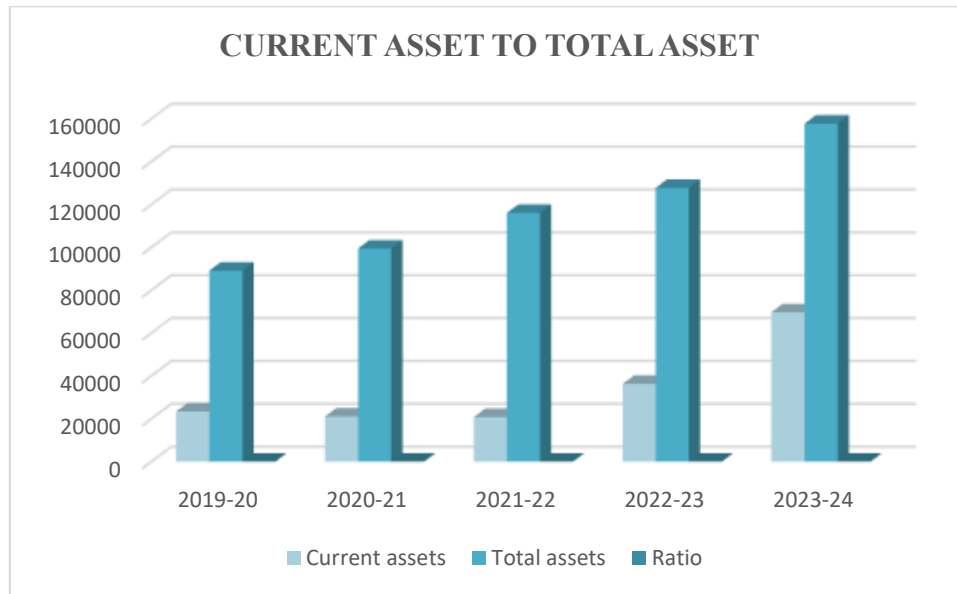
INTERPRETATION

The above table shows that the operating ratio. From the year for 2019-20 were 0.48. Then next year of 2021-22 ratio was 0.52 and then last year of 2023-24 ratio was decreased to 0.44.

CURRENT ASSET TO TOTAL ASSET

$$\text{Current asset to total asset} = \frac{\text{Current asset}}{\text{Total asset}}$$

Year	Current assets	Total assets	Ratio
2019-20	23435.06	89028.67	0.26
2020-21	21073.33	99388.99	0.21
2021-22	20816.06	116077.35	0.18
2022-23	36255.24	127715.21	0.28
2023-24	69656.29	157709.23	0.44



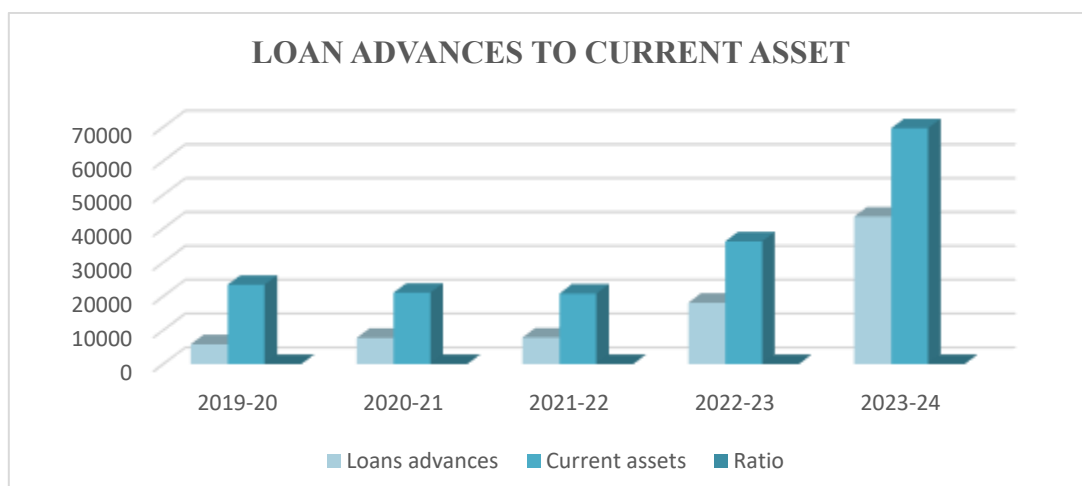
INTERPRETATION

The above table shows the relationship between current assets to total assets. In the year of 2019-21 was 0.26 and then next year decrease to 0.21. The final year of 2023-24 ratio was increased to 0.44. The current asset to fixed assets ratio was increasing Trend. The company maintain good position of asset level.

LOAN ADVANCES TO CURRENT ASSET RATIO

$$\text{Loan advances to current asset ratio} = \frac{\text{Loan advances}}{\text{Current asset}}$$

Year	Loans advances	Current assets	Ratio
2019-20	5839.28	23435.06	0.25
2020-21	7736.84	21073.33	0.37
2021-22	7855.80	20816.06	0.38
2022-23	18122.25	36255.24	0.50
2023-24	43577.76	69656.29	0.63

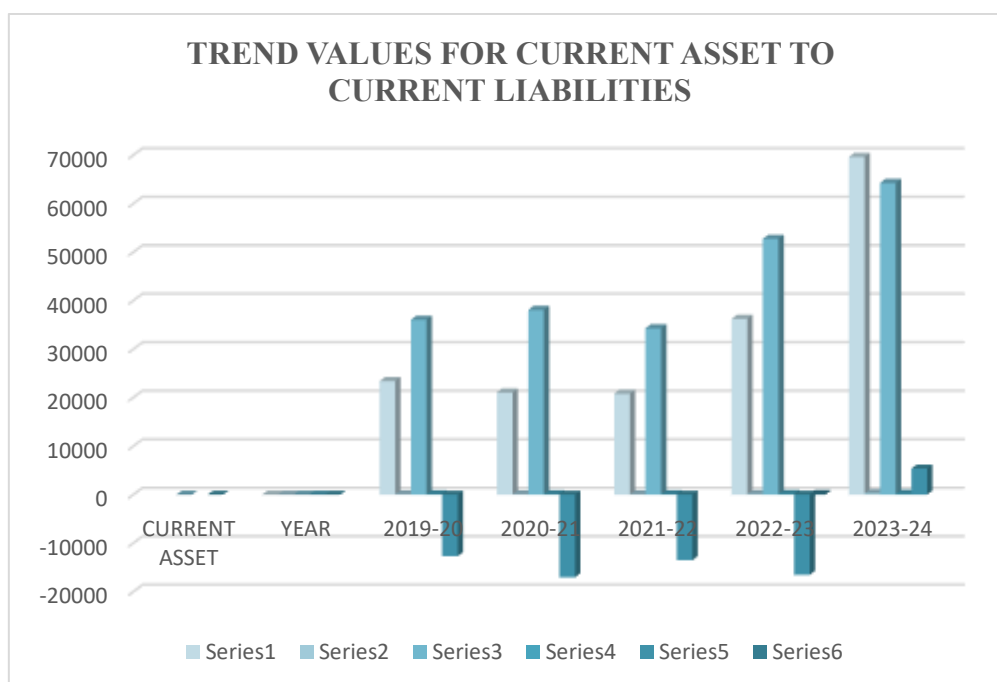


INTERPRETATION

The above table shows the relationship between loans and advances to current assets ratio and ratio is 2019-20 to 0.25 and in the year of 2020-21 to 0.37. The final year of 2023- 24 is increases gradually to the end of the year of 0.63.

TREND VALUES FOR CURRENT ASSETS TO CURRENT LIABILITIES

CURRENT ASSET			CURRENT LIABILITIES		WORKING CAPITAL	
YEAR	AMOUNT	TREND%	AMOUNT	TREND%	AMOUNT	
2019-20	23435.06	100	36085.67	100	-12650.61	
2020-21	21073.33	89.92	38109.37	105.61	-17036.04	
2021-22	20816.06	88.82	34315.21	95.09	-13499.15	
2022-23	36255.24	154.7	52755.72	146.19	-16520.48	130.58
2023-24	69656.29	297.22	64276.99	178.12	5379.3	



INTERPRETATION

The current assets, current liabilities and working capital percentage were above 100% in the year of 2019-20. The current assets was in the year of 2023-24 is 297.22 and the current liabilities to 178.12 for 2023-24. The working capital trend percentage in the year of 2023-24 is -42.52.

COMMON SIZE BALANCE SHEET FROM 2020-2024

PARTICULARS	2020	2021	2022	2023	2024
SOURCE OF FUNDS					
Shares	1146.14	1146.12	1146.13	1202.56	1222.37
Reserve and surpluses	60368.7	69308.59	73416.99	93207.56	124211.39
Loan funds	27513.83	28934.28	41514.23	33305.09	32275.47

Current liability and provisions	36085.67	38109.37	34315.21	52775.72	64276.99
Total	125114.34	137498.36	150392.56	180490.93	221986.22
APPLICATION OF FUNDS					
Fixed assets	71729.08	71222.02	71233.38	97143.28	94290.43
Investment	24276.93	39406.72	50096.07	36184.13	43497.54
Current assets, loan advances	23435.06	21073.33	20816.06	36255.24	69656.29
Capital work in progress	5673.27	5796.29	8247.05	10908.28	14541.96
Total	125114.34	137498.36	150392.56	180490.93	221986.22

FINDINGS OF THE STUDY

- The current ratio is a measure of firm's short term solvency. It indicates the availability of current assets in rupees for every one rupee of current liability. As conversion role, during the year 2019-20 the current ratio was 0.65 which is decreased to 0.55 the next year. The next year 2022-23 is increased to 0.69. The last year is increased 1.08 in 2023-24.
- The table indicates that the company has 1.17 in the year of 2019-20 then next year decreased to 1.01 in 2022-21. The last year decrease 0.75 in the year of 2023-24. The Fixed asset ratio is decreasing in year by year, so the fixed asset ratio is decreasing trend in this study period.
- The above table shows that the liquidity ratio during the study period is 0.34 in the year of 2019-20 and further decreased to 0.26 in 2021-22 then increased to 0.29 in the year of 2022-23 and then increased to 0.44 and then last year increased to 0.77.
- The absolute ratio for the study period 2019-24. There is a maintain low level position in the absolute liquidity ratio. It was 0.13 in the year 2019-20 then next three years ratio was 0.02, 0.03, 0.04 in the year of 2020-23. Next it same level to 0.04 in the year 2023-24.
- The debt equity relationship of the company during the study period. It was 0.45 in the year 2019-20 and then decreased to 0.41 then next year increase to 0.56 in 2021-22 again in the next year 2022-23 onwards it ultimately come down to 0.35. It was decreased from the year 2023-24 is 0.26.
- The Total assets turnover ratio of the company during the study period. It was 0.67 in the year 2019-20 and then reached up to 0.71 again in the next year 2021-22 onwards it ultimately decreased to 0.52 to 0.66. It was increased from the year 2023-24 is 0.82. Hence the company is maintaining its bad level position of assets. The Total assets turnover ratio was fluctuating trend.
- The Return on Assets ratio of the company during the study period 2019-24. It was 0.05 in the year 2019-20 and then increased to 0.10 again in the next two year of 2022-23 and 2023-24 onwards it ultimately increased to 0.13 to 0.21. So the Return on Assets ratio was increasing in year by year.
- In the year of 2019-20 is 0.51 and in the last year of 2023-24 is increased to 0.60. In all the years the owner's contribution to the total assets was appropriate and they maintain their share in the company's assets.
- The debtor's turnover ratio shows a decreasing, it was higher Ratio 59.44 in the year 2021- 22 and shows a decreased 29.23 in the year of 2022-23. It shows that the company has not better collection of debt. The debtor's turnover ratio is decreasing trend.
- The Inventory turnover ratio is concerned. In the year of 2019-20 ratio was 5.61 and then next year increased to 6.34. The last year inventory turnover ratio was 7.87 in 2023-24. The company Inventory turnover ratio was increasing and fluctuating trend.

- Working capital turnover ratio establishes relationship between cost of sales and net working capital. The above table depicts the working capital turnover ratio from the year of 2019-20 was -4.71 and has decreased -4.14. Again in the year of 2021-22 was increased to -4.48 then again increased to -5.09 in the year of 2022-23. The last year has increased 23.98 from 2023-24.
- Fluctuate cash to working capital ratio can indicate the company may be from satisfied cash reserves, and may not be able to meet its financial obligations.
- From the above table shows the return on shareholder funds ratio for the year 2019-20 is 6.78 and the next year of 2020-21 is increased to 14.95. The final year of 2023-24 is increased to 26.32. The return on shareholder funds ratio is better performance for the company. This is increased for year by year.
- The above table shows that the operating ratio. From the year for 2019-20 were 0.48. Then next year of 2021-22 ratio was 0.52. and then last year of 2023-24 ratio was decreased to 0.44.
- The above table shows the relationship between current assets to total assets. In the year of 2019-21 was 0.26 and then next year decrease to 0.21. The final year of 2023-24 ratio was increased to 0.44. The current asset to fixed assets ratio was increasing Trend. The companies maintain good position of asset level.
- The above table shows the relationship between loans and advances to current assets ratio and ratio is 2019-20 to 0.25 and in the year of 2020-21 to 0.37. The final year of 2023-24 is increases gradually to the end of the year of 0.63.
- The current assets, current liabilities and working capital percentage were above 100% in the year of 2019-20. The current assets was in the year of 2023-24 is 297.22 and the current liabilities to 178.12 for 2023-24. The working capital trend percentage in the year of 2023-24 is -42.52.

TREND ANALYSIS

- The current assets, current liabilities and working capital percentage were above 100% in the year of 2019-20. The current assets was in the year of 2023-24 is 297.22 and the current liabilities to 178.12 for 2023-24. The working capital trend percentage in the year of 2023-24 is -42.52.

SUGGESTIONS

- The firms have low current ratio so it should increase its current ratio where it can meet its short term obligation smoothly.
- Liquidity ratio of the firm is not better liquidity position in over the 5 years. So I suggested that the firm maintain proper liquid funds like cash and bank balance.
- The firm high inventory so I suggested that the firm must reduce the stock and increase sales.
- The direct material cost of the firm is very high so it's my Suggest to the firm that to decrease the direct material cost by purchasing raw material from the other suppliers.
- The firms should have proper check on the manufacturing process of the plant.
- Each and every year's inventory level should be flexible for the stock level.
- The company should control fluctuations in cash and bank balances as it impacts the current ratio of the company.

CONCLUSION

The project entitled —A Study on financial statement of the industry‖ was undertaken with the objective of financial statement and to examine profitability performance of the company. From the study Gross

Profit and Net profit position was good.

This project of financial statement analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of that how to analyze the financial statement of the firm the study undertaken has brought in to the light of the following conclusions. According to this project I came to know that from the analysis of financial statements it is clear that the Industry. They have been incurring loss during the period of study. So the firm should focus on getting of profits in the coming years by taking care internal as well as external factors. And with regard to resources, the firm is take utilization of the assets properly. And also the firm has a maintained high inventory. The liquidity position should be increase in the company. Long term solvency position of company was satisfactory. The Overall Financial statement of the Industry was good.

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ANNEXURE

PROFIT AND LOSS ACCOUNT OF RYDON INDUSTRIES PVT LTD AS ON MARCH 2020-2024

PARTICULARS	Mar '20	Mar '21	Mar '22	Mar '23	Mar '24
Income					
Sales Turnover	60,519.37	70,610.92	60,435.97	84,132.92	129,021.35
Excise duty	902.55	0.21	0.00	0.00	0.00
Net Sales	59,616.82	70,610.71	60,435.97	84,132.92	129,021.35
Other Income	-2,447.24	2,294.73	-1,644.64	1,560.42	1,222.24
Stock Adjustments	-545.36	554.33	564.40	-2,176.56	1,820.87
Total Income	56,624.22	73,459.77	59,355.73	83,516.78	132,064.46
Expenditure					
Raw Materials	20,831.29	25,688.42	23,586.17	27,878.19	46,306.40
Power & Fuel Cost	2,925.20	3,033.34	3,104.40	3,746.26	4,663.69

Employee Cost	4,828.85	5,131.06	5,036.62	5,741.94	6,365.80
Miscellaneous Expenses	14,707.16	16,749.28	14,411.61	17,466.26	22,376.48
Total Expenses	43,292.50	50,602.10	46,138.80	54,832.65	79,712.37
Operating Profit	15,778.96	20,562.94	14,861.57	27,123.71	51,129.85
PBDIT	13,331.72	22,857.67	13,216.93	28,684.13	52,352.09
Interest	2,810.62	2,823.58	3,031.01	4,541.02	2,792.08
PBDT	10,521.10	20,034.09	10,185.92	24,143.11	49,560.01
Depreciation	3,727.46	3,802.96	3,920.12	5,469.26	5,463.69
Profit Before Tax	6,793.64	16,231.13	6,265.80	18,673.85	44,096.32
PBT (Post Extra-ord Items)	6,793.64	16,231.13	6,265.80	18,673.85	44,096.32
Tax	2,468.70	5,694.06	-132.82	1,531.87	11,079.47
Reported Net Profit	4,169.55	10,533.19	6,743.80	17,077.97	33,011.18
Total Value Addition	22,461.21	24,913.68	22,552.63	26,954.46	33,405.97
Equity dividend	1,237.35	1,145.92	1,489.67	1,145.92	3,007.08
Corporate Dividend tax	95.71	224.86	297.71	0.00	0.00
Per share data (annualized)					
Shares in issue (lakhs)	12,041.19	12,041.26	12,041.27	12,041.27	12,223.45
Earning Per Share (Rs)	34.63	87.48	56.01	141.83	270.06
Book Value (Rs)	100.00	130.00	100.00	250.00	510.00

BALANCE SHEET OF RYDON INDUSTRIES PVT LTD AS ON MARCH 2020-2024

PARTICULARS	Mar '20	Mar '21	Mar '22	Mar '23	Mar '24
Sources Of Funds					
Total Share Capital	1,146.12	1,146.12	1,146.13	1,198.78	1,222.37
Equity Share Capital	1,146.12	1,146.12	1,146.13	1,198.78	1,222.37
Share application money	0.02	0.00	0.00	3.78	0.00
Reserves	60,368.70	69,308.59	73,416.99	93,207.56	124,211.39
Net worth	61,514.84	70,454.71	74,563.12	94,410.12	125,433.76
Secured Loans	4,803.86	28,934.28	41,514.23	33,305.09	32,275.47
Unsecured Loans	22,709.97	0.00	0.00	0.00	0.00
Total Debt	27,513.83	28,934.28	41,514.23	33,305.09	32,275.47
Total Liabilities	89,028.67	99,388.99	116,077.35	127,715.21	157,709.23
Application Of Funds					
Gross Block	83,444.46	86,575.39	90,353.13	124,244.11	126,557.53
Less: Accum. Depreciation	11,715.38	15,353.37	19,119.75	27,100.83	32,267.10
Net Block	71,729.08	71,222.02	71,233.38	97,143.28	94,290.43
Capital Work in Progress	5,673.27	5,796.29	8,247.05	10,908.28	14,541.96
Investments	24,276.93	39,406.72	50,096.07	36,184.13	43,497.54
Inventories	11,023.41	11,255.34	10,716.66	12,857.51	19,942.94
Sundry Debtors	1,875.63	1,363.04	1,016.73	2,878.58	3,280.30
Cash and Bank Balance	4,696.74	718.11	1,226.87	2,396.90	2,855.29
Total Current Assets	17,595.78	13,336.49	12,960.26	18,132.99	26,078.53

Loans and Advances	5,839.28	7,736.84	7,855.80	18,122.25	43,577.76
Total CA, Loans & Advances	23,435.06	21,073.33	20,816.06	36,255.24	69,656.29
Current Liabilities	33,389.18	35,412.96	31,537.79	49,126.58	60,509.57
Provisions	2,696.49	2,696.41	2,777.42	3,649.14	3,767.42
Total CL & Provisions	36,085.67	38,109.37	34,315.21	52,775.72	64,276.99
Net Current Assets	-12,650.61	-17,036.04	-13,499.15	-16,520.48	5,379.30
Total Assets	89,028.67	99,388.99	116,077.35	127,715.21	157,709.23
Contingent Liabilities	28,359.61	34,622.43	32,650.32	33,426.07	37,797.38
Book Value (Rs)	510.87	585.11	619.23	784.02	1,026.17