

A REPORT ON THE FINANCIAL PERFORMANCE ANALYSIS OF KELTRON



PROJECT REPORT

*Submitted to Mahatma Gandhi University in partial fulfilment of the
requirements for the award of the Degree of*

MASTER OF BUSINESS ADMINISTRATION

Submitted By

PRANAV SATHEESAN

Reg. No – 190031000681

Under the guidance of

Prof. Dr. Asha Lakshmi R K

(Faculty Guide)



Accredited by NAAC with 'A' Grade

DEPARTMENT OF MANAGEMENT STUDIES

MAR ATHANASIOS COLLEGE FOR ADVANCED STUDIES TIRUVALLA

2021



MAR ATHANASIOS COLLEGE FOR ADVANCED STUDIES TIRUVALLA

Ph: 0469 2730323 Fax: 0469 2730317

macfast@macfast.org

CERTIFICATE

*This is to certify that the project report entitled “**FINANCIAL PERFORMANCE ANALYSIS OF KELTRON**” is a bonafide report of the project work undertaken by **PRANAV SATHEESAN**, fourth semester MBA student of our college during a period of 8 weeks commencing from 1st April to 30th May, 2021.*

Prof. Dr. Asha Lakshmi R K
Faculty Guide

Dr. Sudeep B. Chandramana
Head, Dept. of management Studies

Rev. Dr. Cherian J. Kottayil
Principal



University Examiner

DECLARATION

I hereby declare that this project report entitled “**A REPORT ON THE FINANCIAL PERFORMANCE ANALYSIS OF KELTRON**” is a *bonafide* report of the study undertaken by me, under the guidance of **Prof. Dr. Asha Lakshmi R.K**, Department of Management Studies, MACFAST, Tiruvalla.

I also declare that this project report has not been submitted to any other University or Institute for the award of any degree or diploma.



Place: Tiruvalla

Date: 02-06-2021

Pranav Satheesan

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ABBREVIATIONS;

etc.	Et cetera
ISO	International Organization for Standardization
Ltd.	Limited
No.	Number
ROE	Return On Equity
NPV	Net Present Value
EPS	Earnings Per Share
GDP	Gross Domestic Product
ROA	Return on Shares
ROA	Return on Asset

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CHAPTER -1
INTRODUCTION STATEMENT OF THE PROBLEM

1.1 BACKGROUND OF THE STUDY

An organisation is a social arrangement which pursues collective goals, which controls its own performance and which has a boundary separating it from its environment. A project report is a detailed plan of action and particulars of individuals and group dynamics in an organizational setting, as well the nature of organizations themselves. Whenever people interact in organisations, many factors come in to play. Project study attempts to understand and model these factors.

Financial Statement Analysis is the structural and logical way to present overall financial performance of a financial institution. It also helps to evaluate and decision making for business operation. It is used to analyse whether an entity is stable, solvent, liquid or profitable enough to be invested in.

Financial Statement Analysis is a method used by interested parties such as investors, creditors, and management to evaluate the past, current, and projected conditions and performance of the firm. Ratio analysis is the most common form of financial analysis. It provides relative measures of the firm's conditions and performance. Common Size Financial Statement discloses the internal structure of the firm. It indicates the existing relationship between sales and each income statement account. It shows the mix of assets that produce income and the mix of the sources of capital, whether by current or long-term debt or by equity funding. When using the financial ratios, a financial analyst makes two types of comparisons.

The analysis of financial statements involves gaining an understanding of the financial situation of an organization by reviewing the organization's financial statements. You can use three key financial statements – Income statement, Balance sheet and statement of cash flows. Analysis of these financial statements is often reported to the board of directors and senior management.

They use this information as input in their decision-making process. External parties such as regulatory bodies and investors also use this analysis for gaining insight into the organization.

1.2 STATEMENT OF THE PROBLEM

Finance is considered as the life blood of an organization to run the concern efficiently. There is a close relationship between the finance function and other functions like production, marketing, personal etc. Therefore, it is critical for the survival and growth of any organization. The present study attempts to investigate various aspect of financial management of the company to judge the profitability and financial soundness of the firm. The present study is an attempt to evaluate the “Financial Performance Analysis of KELTRON .”

1.3 RELEVANCE AND SCOPE OF STUDY

This project report covers the functioning of all major departments of KELTRON. Findings of the study would give valuable information about improving the current performance of the organisation towards its goal achievement. It also includes the organisational structure of the firm.

Financial analysis is mainly done for decision making. This study is very useful to the finance department for taking valuable decision. This study is an attempt to determine the significance and meaning of the financial statements data so that forecast may be made about the future earnings and debt maturities and profitability of a sound financial position. The project work has been intended to study the liquidity, leverage position, profitability and working capital position of the company.

1.4 OBJECTIVES OF THE STUDY

- ❖ To evaluate the company's performance using financial statement analysis.
- ❖ To evaluate the working capital schedules.
- ❖ To evaluate the short term and long-term solvency position.
- ❖ To study efficiency in the utilization of funds by the company.
- ❖ To study the correlation between current assets and current liabilities.
- ❖ To analyse the liquidity position of the firm.

CHAPTER 2
INDUSTRY PROFILE

2.1 BUSINESS PROCESS OF THE INDUSTRY

India is the fifth largest economy in the world and has the second largest GDP among emerging economies. Owing to its large population, the potential consumer demand is almost unlimited and consequently under appropriate conditions, strong growth performance can be expected. In fact, the liberalization of the economy in 1991 has led to rapid growth. The electronics industry, in particular, is emerging as one of the most important industry in the Indian market.

The electronics industry in India dates back to the early 1960s. Electronics was initially restricted to the development and maintenance of fundamental communication systems including radio-broadcasting, telephonic and telegraphic communication, and augmentation of defense capabilities. Until 1984, the electronics sector was primarily government owned. The late 1980s witnessed a rapid growth of the electronics industry due to sweeping economic changes, resulting in the liberalization and globalization of the economy. The economic transformation was motivated by two compelling factors - the determination to boost economic growth, and to accelerate the development of export-oriented industries, like the electronics industry.

The electronics industry has recorded very high growth in subsequent years. By 1991, private investments - both foreign and domestic - were encouraged. The easing of foreign investment norms, allowance of 100 percent foreign equity, reduction in custom tariffs, and delicensing of several consumer electronic products attracted remarkable amount of foreign collaboration and investment. The domestic industry also responded favorably to the politic policies of the government. The opening of the electronics field to private sector enabled entrepreneurs to establish industries to meet hitherto suppressed demand.

Improvements in the electronics industry have not been limited to a particular segment, but encompass all its sectors. Strides have been made in the areas of commercial electronics, software, telecommunications, instrumentation, positioning and networking systems, and defense. The result has been a significant trade growth that began in the late 1990s.

Despite commendable achievements in the sphere of electronics, considerable infrastructural improvements remain a priority. Water, power, telecommunications, and transportation sectors must still be augmented so that high economic growth can be sustained.

The Indian Electronics Industry is a text for investors who are considering India as a potential investment opportunity. The book is designed to cover various segments of India's electronics industry, which include telecommunications, consumer electronics, computer hardware and software, and medical electronic systems. The authors have examined the roles of government, major companies in electronics including the multinationals, research organizations, and educational institutions in establishing the infrastructure.

The electronics industry has seen sweeping changes over the last two decades. These have primarily been in the product domain (across technologies, formats and design), the evolution of the retail environment (from traditional to large-format specialised stores and e-commerce), and an evolving regulatory landscape. The requirements of both the consumers and businesses have evolved, leading to a demand for more innovative products.

The industry's ecosystem has undergone drastic changes to keep pace with the changing demand patterns. The supply chains are now far more complex, diverse, and optimised to meet the new industry structure. Currently, a significant share of Indian demand is met by imports. But the Indian electronics industry is being ushered into an era wherein the manufacture of several components will be indigenised through regulatory support and incentivised production from the government of India.

The long-term growth potential for the industry is optimistic, primarily because the market penetration is still low, currently standing at single digits for some categories like LED products and industrial electronics. Besides, the positive outlook of higher GDP growth rate, rising disposable incomes, improving physical and social infrastructure (availability of electricity and water), better logistics (facilitated by improved road connectivity), the Digital India programme, and the expansion of retail will provide additional impetus. It is this promise of sustainable long-term growth that has attracted several international brands to India, many of whom have set up manufacturing facilities here.

Specific to the electronics sector, several policies such as Make in India, National Policy of Electronics, Net Zero Imports in Electronics, and Zero Defect Zero Effect, augur well for the industry, as they signal a commitment to growth in domestic manufacturing, lowering import dependence, energising exports, and environmentally-conscious manufacturing. Incentives to attract capital and measures to develop the component supply base (applying the Phased Manufacturing Plan for mobiles to other categories) will have to be sustained at the supply side, while also correcting aberrations in GST on the demand side. Furthermore, despite the lockdown, the government of India has been consistently expanding incentives through the three major schemes it launched in April 2020 with an outlay of ₹ 500 billion.

The electronics industry is one of the fastest growing across the world, set to reach US\$ 7.3 trillion by 2025. The Indian market is expected to be second only to China's, followed by Vietnam, South Korea and Taiwan. The government of India is focusing on manufacturing electronics hardware within India, which seems to be the conceptual origin for both the Make in India and the Digital India programmes. These initiatives encourage domestic manufacturing and exports across the electronics system design and manufacturing (ESDM) value chain, aiming to achieve a market size of US\$ 251 billion by 2023. The Indian electronics industry consists of seven main segments, including consumer electronics, industrial electronics,

communications and broadcasting electronics, strategic electronics, computer hardware, electronic components, and LED products.

Apart from policies like the Make in India initiative, the National Policy on Electronics (NPE) 2019 and Digital India, the Indian government has also backed the sector with the Electronics Development Fund (EDF), the Modified Special Incentive Package Scheme (MSIPS), the Phased Manufacturing Programme (PMP), Preferential Market Access (PMA), and by rationalising the duty structure.

With the rising manufacturing costs in other economies and the increasing labour costs in China, coupled with the trade war between the USA and China, global organisations are expected to shift their units from China to India to serve domestic and global demand. Thus, it is expected that the Indian electronics industry is likely to increase its share in the global market.

2.2 MARKET DEMAND AND SUPPLY

The demand for electronic devices is expected to rise from 80 billion US\$ in 2012 to 400 billion US\$ in 2020. Yet, the demand of around 60 to 70% is met mainly by imports, which are rising much faster than the local production. The new government wants to expand the existing support program in order to make the underdeveloped electronics industry more competitive. The main focus is the establishment of production clusters, research and development, in particular, with the collaboration of foreign investors. Commitments amounting to Rs 146 billion have been announced.

The Electricals & Electronics market is one of the largest in the world, and in India, it is anticipated to reach US\$ 400 billion in 2022 from US\$ 69.6 billion in 2012. The market is projected to grow at a compound annual growth rate (CAGR) of 24.4% during 2012-2020. The electronics sector consists of consumer and industrial electronics, computers, communication and broadcasting equipment, strategic electronics, and electronic components. The consumer electronics and durables industry is currently poised at about Rs 340 billion.

The growth in the demand for telecom products has been breathtaking, and it is expected that 118 million smartphones will be sold in India this year. With telecom penetration of around 10 percent, this growth is expected to continue, at least over the next decade. Penetration levels in other high growth products are equally high and the growth in demand for Computer/ IT products, auto electronics, medical, industrial, as well as consumer electronics is equally brisk. Combined with low penetration levels and the Indian economy growing at an impressive 7% per annum, the projection of a US\$ 150 Billion market is quite realistic and offers an excellent

opportunity to electronics players worldwide. While the Electronics sector in India is currently establishing its global role, there are several advantages that India offers that can be effectively leveraged to achieve higher growth: Manpower, Market Demand, and Policy and Regulatory Support.

The Major challenges that the Indian electronic manufacturing market is facing are infrastructure, which needs to be improved at the earliest, easing of foreign investment procedures (which is underway), and a restructured government tariff that now makes domestically manufactured goods more expensive than imported goods with zero tariffs.

The increase in generation, distribution, and utilization of electricity has resulted in the increased demand for electrical machinery and equipment in the recent past. The Heavy Electrical Equipment Industry has been delicensed under the New Industrial Policy of the Government of India. Also, under the New Policy, these items qualify for automatic approval with regard to foreign collaborations. Heavy electrical equipment is mainly manufactured by the government-owned factories which have been set up with foreign financial assistance and technical skill. By 2022, the installed power capacity in India is expected to reach 350 gigawatts (GW) from 243 GW in 2014, on the back of increasing industrialization and economic development. The total market size of electrical machinery in India is anticipated to reach US\$ 100 billion by 2022 from US\$ 24 billion in 2013. The government plans to set up the Electrical Equipment Skill Development Council (EESDC) which would focus on identifying critical manufacturing skills required for the electrical machinery industry. At the end of July 2015, Prime Minister Narendra Modi has launched the 'Deen Dayal Upadhyaya Gram Jyoti Yojana' for power sector reforms in rural areas aiming to provide an uninterrupted supply of electricity. This power scheme focuses on feeder separation (rural households and agricultural usage), and strengthening of sub-transmission and distribution infrastructure, including metering at all levels in rural areas. The total outlay for the new scheme is US\$ 11.8 billion, out of which the Central Government shall provide a grant of US\$ 9.8 billion. A total of US\$ 2.2 billion worth projects have already been approved, out of which, projects amounting to US\$ 0.92 billion have been approved for Bihar alone.

In general, it is to say that the prospects of the electrical as well as the electronic industry look very bright. The growing customer base and the increased penetration in the consumer durables segment have provided enough scope for the growth of the Indian electronics sector whereas the input by the Indian government will ensure the growth of the electrical machinery industry.

2.3 LEVEL AND TYPE OF COMPETITION

Threat of new entrants: Medium

- Threat from domestic manufacturers is low due to the capital-intensive nature of the industry
- New players based out of China and Taiwan are consistently entering India (especially in the mobile devices segment)
- E-commerce is making it easy to build a brand and also functions as a sale platform

Bargaining power of customers: High

- Many substitute products are available
- Availability of both online and brick and mortar sales channels
- Buyers possess considerable product information which helps in comparison

Competitive rivalry: High

- A large number of players are vying for market share
- Established players are trying to protect their market share with aggressive pricing and marketing schemes
- Newer players are diversifying their product portfolio

Bargaining power of suppliers: Low

- Product differentiation is minor at the component level
- Domestic component makers face tough competition from neighbouring countries such as China, Taiwan, Malaysia, etc.
- Low costs for switching Original Equipment Manufacturers (OEMs).

Substitute products: Low

- No substitute for electronics
- The industry faces internal substitution due to constant innovation within the industry; the product life cycle has reduced considerably

2.4 PRICING STRATEGIES IN THE INDUSTRY

The consumer electronics industry has traditionally priced their products much too low, and based product development on gutfeel rather than what their customers value. In consumer electronics, innovation is crucial for many brands. It is quite common that 20-30% of all products sold are recently launched. Companies spend many millions in launch marketing and advertising across multiple channels. However, they often struggle to set the right price. Pricing Managers, Marketing Managers, and Sales teams often find it more difficult to get pricing right when launching a product in a new market, as opposed to pricing the same product in an existing market. In theory existing-market pricing should go through the same steps as new-market pricing and look at value drivers and willingness-to-pay, but in many situations existing markets mean there is a reference point to base the price on. Such a reference point is lacking if pricing for a new market. INTERNATIONAL PRICE MANAGEMENT;

Prices vary across countries. Understand differences in willingness-to-pay per market and set prices accordingly. Actually, in most industries there is a marked difference in prices between countries. This for a good reason: customers are willing to pay a higher price in some markets than others. So while it can in certain instances be tempting to introduce a single, global price to simplify IT systems or manage customers who exploit price differences, the upside and benefit from differentiated pricing around the world is significant. So don't fall in the trap of harmonizing prices.

2.5 PROSPECTS AND CHALLENGES OF THE INDUSTRY

Since the time the “electronic revolution” hit the telecommunication industry, the competition in the field has exponentially increased leading to furious investment and innovation, helping to give rise to the digital economy. The digital economy supported the development of many electronic appliances such as smart phones, watches, TVs, refrigerators, security systems, and of course, environmentally friendly electric vehicles.

According to the latest report Electrical and Electronic Manufacturing Market Briefing 2017 from The Business Research Company (TBRC), the global electrical and electronics manufacturing market is expected to reach \$3 trillion by 2020, with Asia Pacific as the largest market by geographic region and China the biggest market by country. India is expected to grow at a heady 16.8% growth rate. Apart from providing market segmentation and growth by region and by country, the report also covers the top five trends in the electronics industry in the coming five-year forecast period.

1. Product Design Outsourcing

Original Equipment Manufacturers (OEMs) are increasingly moving product design and development processes to Electronic Manufacturing Service (EMS) partners. Product design, a part of the specialized design services market which is expected to reach \$157 billion in 2020 according to TBRC, is being outsourced to reduce overall costs and shift from fixed costs to variable costs.

EMS companies are offering more design services for sub-assemblies and finished products. OEMs are collaborating with EMS partners and moving into new models such as joint design manufacturing (JDM) and outsourced design manufacturing (ODM).

2. Virtual Reality in Electronic Manufacturing

Virtual reality technology is being adopted by electronic manufacturing companies to improve manufacturing efficiency. This technology in the electronic manufacturing industry is often referred to as digital design, simulation, and integration. Virtual reality technology enables companies to inspect design objects at all conceivable scales, thereby eliminating defects in the product in the design stage. Taking into account the growth rate of electronic equipment market globally, which is 5.2% according to TBRC, virtual reality has a big implementation scope in the forecast period.

3. Robotics and Automation

Many electronic equipment companies are using robotics and automation to improve plant efficiency and productivity. Sensors are being used in various machines to access invaluable data for improving efficiencies and reducing potential breakdowns. For instance, according to a report by Boston Consulting Group (BCG) in 2016, 1.2 million industrial robots are expected to be deployed by 2025, while the electronic equipment is expected to reach \$2.1 trillion by 2020 according to TBRC, thus indicating a rise in automation and robotics technology adoption to improve productivity and reduce production costs.

4. IoT Technology Driving Smart Household Appliances

Household appliance manufacturers are integrating their products with the IoT technology to make customers lives comfortable and convenient. Internet of Things technology is the

interconnectivity of physical objects and devices that are integrated with sensors and software that allow them to exchange and collect data. Major technologies enabling smart household appliances include Wi-Fi, Bluetooth Low Energy, micro server and micro-electromechanical systems.

For instance, LG has created homechat, an app that enables the user to monitor their refrigerators, cookers, washing machines, and other devices from anywhere through their smart phones. The homechat technology was introduced by LG initially in South Korea and is moving to other global markets gradually. According to report by IHS, the global smart connected electronics shipments is estimated to reach over 223 million by 2020, while the overall market of household appliances is expected to hit \$471 million according to TBRC.

5. Growing Demand for Smart TVs

The demand for smart TVs is being driven by the rising consumer preference for built-in smart functions in personal devices, and increasing internet penetration. A smart TV combines the features of televisions and computers, and comprises a television set with integrated functions for internet use. Smart TV users are also offered direct access to streaming services such as Netflix and Amazon Prime Instant Video.

To capitalize on this trend, television manufacturers across the world are entering the smart TV market. According to the IHS Technology report, 48.5% of televisions shipped globally were smart TVs, and the number is estimated to reach 134 million by 2020, while the audio and video equipment manufacturing market is forecast to reach \$351 billion according to TBRC.

Challenges

A complex value chain:

The electronics industry is constantly changing due to disruptive innovation, thereby increasing the pressure on the value chain to upgrade continuously. The sourcing and contractual interdependencies between OEMs and suppliers are now more complex due to the highly advanced technology of the components, the number of components required for a single finished product, the level of aggregation or assembly required, and the need to adapt to changes in product design. The Indian ecosystem for electronic components is still evolving and has a long way to go.

A capital intensive industry with inadequate raw material availability: The electronics industry is primarily dependent on the number and competence of domestic chip fabrication centres (fab centres). Fab centres require a dedicated ecosystem, which involves investment, the know-how of chip fabrication, raw material supplies, continuity of demand, and unit upgradation competence. Given the current scenario, India lacks most of the necessary ammunition for the development of domestic chip fabrication units. Thus, the design and development of electronic

products are often outsourced to ODMs (original design manufacturers) in other countries with stronger designing and manufacturing capabilities.

Sustainability:

Emerging regulations and standards for cleaner and greener technology are forcing companies to be accountable for the manufacturing process as well as the final product. The entire recycling and disposal process for electronics needs to be considered as a vital part of the product life cycle.

E-waste management:

India ranks fifth globally among top e-waste producing nations. The exponential increase in the quantum of e-waste is driven by the rise in usage as well as the growing pace of upgrades. Consumers are discarding old PCs, mobiles, tablets, and other electronics a lot sooner than before. However, with the awareness campaigns by MeitY, e-waste management is gradually being taken seriously in the industry.

The Indian market growth has predominantly seen consumption-driven growth in the last several years. However, the government's support for the industry has been strong, with numerous conducive policies. Growth in our electronics manufacturing industry will establish India among the leading economies of the world. With this goal, it is expected that the growth momentum will be sustained over the coming decade.

As per a report published by the World Economic Forum, "The vision for the future of consumption in India is anchored in the growth of the upper-middle-income and high-income segments, which will grow from being one in four households today to one in two households by 2030."

These new consumers will drive the demand for consumer appliances, such as air conditioners, washing machines, and others. These product categories are also the cornerstone of the boom in consumer electronics sales. While the growth is predominantly consumer-driven, the industry is also expected to drive innovation to increase the share of electronics across several applications. In the automotive industry, the government has released a draft notification to ban all internal combustion engine powered two-wheelers and three-wheelers by 2023 and 2025, respectively.

The proposed change has created the momentum to attract EV companies (manufacturers and their suppliers) to explore investments in Indian manufacturing. Similarly, a newer technology like 5G is likely to drive growth and consumption of the Indian electronics industry.

With future investments in semiconductors, electronic components and ICs, India is looking set to welcome another wave of growth in the electronics sector. This transition will be fuelled by a large young population, increasing research initiatives, and favourable investment policies. The impetus provided by the government will give further encouragement to domestic

manufacturing as India prepares to be the next global hub for electronics production and exports.

2.6 KEY DRIVERS OF THE INDUSTRY

Economic growth:

India is one of the fastest-growing economies in the world, with the GDP expected to grow consistently. The growing economic activity and deployment of the latest automation technologies across different sectors have positively influenced demand in the industrial and strategic electronics domains.

Rapid urbanisation and income growth:

Rapid urbanisation, coupled with income growth, has led to greater affordability of goods and consequently an increase in demand for mobile phones, tablets, and other household appliances.

Government initiatives:

The GST, Make in India, and other policies such as Preferential Market Access, have made the business environment far more conducive for local manufacturing. The government's flagship programmes, such as Smart Cities and Digital India, are also boosting demand for electronic products. In April 2020, the government announced three additional schemes which were notified by the Ministry of Electronics and IT (MeitY), allocating a sum of ₹ 500 billion (~ US\$ 7.2 billion) in total, for incentives under the schemes. These incentives are expected to bolster the local production of electronics and promote anchor companies in the major electronics clusters in India.

The three schemes are:

1. Production Linked Incentives (PLI)

2. Scheme for the Promotion of Manufacturing of Components and Semiconductors (SPECS)
3. Modified Electronics Manufacturing Clusters (EMC 2.0)

Evolving technology and innovation:

Rapid technology advancements and newer products with upgraded technology have led to shorter life cycles for electronic products. Also, changing customer attitudes and consumer-to-consumer websites, such as Olx and Quikr, have made it easier for customers to replace their existing electronic devices with newer products.

Increased demand for high-speed data has also contributed towards burgeoning demand for high-end smartphones. This rising preference for advanced technology products has driven rapid innovation in consumer electronics. Emerging technologies such as IoT, AI, and the introduction of robotics and analytics in the industrial and strategic electronics segment, have all led to the overall development of various electronic products, which has given a boost to local demand.

CHAPTER 3
REVIEW OF LITERATURE

3.1 BRIEF THEORETICAL CONSTRUCT RELATED TO THE PROBLEM

Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It is measured through various business-related formulas that allow users to calculate exact details regarding a company's potential effectiveness. For internal users, financial performance is examined to determine their respective companies' well-being and standing among other benchmarks. For external users, financial performance is analysed to dictate potential investment opportunities and to determine if a company is worth their while.

Financial Statement Analysis

Financial statement analysis is a process conducted on organizations by internal and external parties to gain a better understanding of how a company is performing. The process consists of analysing four critical financial statements in a business.

The four statements that are extensively studied are a company's balance sheet, income statement, cash flow statement, and annual report.

1. Balance Sheet

In financial statement analysis, an organization's balance sheet is looked at to determine the operational efficiency of a business. Firstly, asset analysis is conducted and is primarily focused on more important assets such as cash and cash equivalents, inventory, and PP&E, which help

predict future growth. Next, long-term and short-term liabilities are examined in order to determine if there are any future liquidity problems or debt-repayment that the organization may not be able to cover. Lastly, a company's owner's equity section is inspected, allowing the user to determine the share capital distributed inside and outside of the organization.

2. Income Statement

In financial statement analysis, a business's income statement is investigated to determine overall present and future profitability. Examining a company's previous and current fiscal years income statement enables the user to determine if there is a trend in revenue and expenses, which in turn, shows the potential to increase future profitability.

3. Cash Flow Statement

A cash flow statement is critical in a financial statement analysis in order to identify where the money is generated and spent by the organization. If one segment of the business is experiencing large outflows, in order to stay viable, the company must be generating inflows through financing or sales of assets.

4. Annual Report

The last statement, the annual report, provides qualitative information which is useful to further analyse a company's overall operational and financing activities. The annual report consists of all the statements listed above but adds additional insights and narratives on critical figures within the organization.

The additional insights and narratives within the annual report include an extensive narrative breakdown of the various business segments, benchmarks, and overall growth. As a whole, financial performance analysis is critical whether it is conducted for internal or external use because it helps determine a business's potential future growth, structure, effectiveness, and most importantly, performance.

Measuring Financial Performance

Through a financial performance analysis, specific financial formulas and ratios are calculated, which, when compared to historical and industry metrics, provides insight into a company's financial condition and performance. When calculating financial performance, there are seven critical ratios that are extensively used in the business world to assist and evaluate a company's overall performance.

1. Gross Profit Margin

The gross profit margin is a ratio that measures the remaining amount of revenue that is left after deducting the cost of sales. The ratio is useful because it indicates as a percentage the portion of each sales dollar that can be applied to cover a company's operating expenses.

$$\text{Gross Profit Margin} = (\text{Revenue} - \text{Cost of Sales}) / \text{Revenue} * 100$$

2. Working Capital

The working capital measurement is used to determine an organization's liquid net assets available to fund day-to-day operations. Determining liquidity in a business is important because it indicates whether a company owns resources that can quickly be converted to cash if needed.

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

3. Current Ratio

The current ratio is a liquidity ratio that helps a business determine if it owns enough current assets to cover or pay for its current liabilities.

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

4. Net Profit Margin

Net profit margin is a profitability ratio that measures what percentage of revenue and other income is left after subtracting all costs for the business, including costs of goods sold, operating expenses, interest, and taxes. Net profit margin differs from gross profit margin as a measure of profitability for the business in general, taking into account not only the cost of goods sold, but all other related expenses.

$$\text{Net Profit Margin} = \text{Net Profit} / \text{Revenue} * 100$$

5. Inventory Turnover Ratio

The inventory turnover ratio is an efficiency ratio that is used to measure the number of times a company sells its average inventory in a fiscal year. The ratio is beneficial because it allows the organization to easily determine if their inventory is in demand, obsolete, or if they are carrying too much.

$$\text{Inventory Turnover} = \text{Cost of Sales} / (\text{Beginning Inventory} + \text{Ending Inventory} / 2)$$

6. Leverage

Leverage is an equity multiplier that is calculated by a business to illustrate how much debt is actually being used to buy assets. The leverage multiplier remains at one if all assets are financed by equity, but it begins to increase as more and more debt is used to purchase assets.

Leverage = Total Assets / Total Equity

7. Return on Assets

Return on assets, as the name suggests, helps an organization determine how well its assets are being employed to become more profitable. If the assets are not being used effectively, the company's return on assets sum will be low.

ROA = Net Profit / (Beginning Total Assets + Ending Total Assets) / 2

8. Return on Equity

Similar to return on assets, the return on equity is a profitability ratio that is used to analyse the equity effectiveness, which, in turn, earns profits for investors. A higher return on equity suggests that investors are earning at a much more efficient rate, which is more profitable to the business as a whole.

ROE = Net Profit / (Beginning Equity + Ending Equity) / 2

9. Total Asset Turnover

Total asset turnover is an efficiency ratio that measures how efficiently a company uses its assets to generate revenue. The higher the turnover ratio, the better the performance of the company.

Total Asset Turnover = Revenue / (Beginning Total Assets + Ending Total Assets / 2)

10. Debt-to-Equity Ratio

The debt-to-equity ratio is a solvency ratio that measures how much a company finances itself using equity versus debt. This ratio provides insight into the solvency of the business by reflecting the ability of shareholder equity to cover all debt in the event of a business downturn.

Debt to Equity Ratio = Total Debt / Total Equity.

11. Quick Ratio

The quick ratio, also known as an acid test ratio, is another type of liquidity ratio that measures a business's ability to handle short-term obligations. The quick ratio uses only highly liquid current assets, such as cash, marketable securities, and accounts receivables, in its numerator. The assumption is that certain current assets, like inventory, are not necessarily easy to turn into cash.

Quick Ratio = (Current Assets - Inventory) / Current Liabilities

12. Operating Cash Flow

Operating cash flow is a measure of how much cash the business has as a result of its operations. This measure could be positive, meaning cash is available to grow operations, or negative, meaning additional financing would be required to maintain current operations. The operating cash flow is usually found on the cash flow statement and can be calculated using one of two methods: direct or indirect.

13. Seasonality

Seasonality is a measure of how the period of the year is affecting your company's financial numbers and outcomes. If you're in an industry that's affected by high and low seasons, this measure will help you sort out confounding variables and see the numbers for what they truly are.

Financial Analysis

Financial analysis is the method of reviewing companies, programs, expenditures, and other activities relevant to finance to assess their performance and appropriateness. Financial analysis is usually used to determine whether an enterprise is sufficiently stable, solvent, liquid, or competitive to warrant a monetary investment. Financial analysis involves using financial data to assess a company's performance and make recommendations about how it can improve going forward. Financial Analysts primarily carry out their work in Excel, using a spreadsheet to analyze historical data and make projections of how they think the company will perform in the future.

Types of financial analysis;

Vertical Analysis

This type of financial analysis involves looking at various components of the income statement and dividing them by revenue to express them as a percentage. For this exercise to be most effective, the results should be benchmarked against other companies in the same industry to see how well the company is performing. This process is also sometimes called a common-sized income statement, as it allows an analyst to compare companies of different sizes by evaluating their margins instead of their profit.

Horizontal Analysis

Horizontal analysis involves taking several years of financial data and comparing them to each other to determine a growth rate. This will help an analyst determine if a company is growing or declining, and identify important trends. When building financial models, there will typically be at least three years of historical financial information and five years of forecasted

information. This provides 8+ years of data to perform a meaningful trend analysis, which can be benchmarked against other companies in the same industry.

Leverage Analysis

Leverage ratios are one of the most common methods analysts use to evaluate company performance. A single financial metric, like total debt, may not be that insightful on its own, so it's helpful to compare it to a company's total equity to get a full picture of the capital structure. The result is the debt/equity ratio. Common examples of ratios include:

Debt/equity

Debt/EBITDA

EBIT/interest (interest coverage)

Dupont analysis – a combination of ratios, often referred to as the pyramid of ratios, including leverage and liquidity analysis.

Growth Rates

Analysing historical growth rates and projecting future ones are a big part of any financial analyst's job. Common examples of analysing growth include:

Year-over-year (YoY)

Regression analysis

Bottom-up analysis (starting with individual drivers of revenue in the business)

Top-down analysis (starting with market size and market share)

Other forecasting methods

Profitability Analysis

Profitability is a type of income statement analysis where an analyst assesses how attractive the economics of a business are. Common examples of profitability measures include:

Gross margin

EBITDA margin

EBIT margin

Net profit margin

Liquidity Analysis

This is a type of financial analysis that focuses on the balance sheet, particularly, a company's ability to meet short-term obligations (those due in less than a year). Common examples of liquidity analysis include:

Current ratio

Acid test

Cash ratio

Net working capital

Efficiency Analysis

Efficiency ratios are an essential part of any robust financial analysis. These ratios look at how well a company manages its assets and uses them to generate revenue and cash flow. Common efficiency ratios include:

Asset turnover ratio

Fixed asset turnover ratio

Cash conversion ratio

Inventory turnover ratio

Cash Flow

As they say in finance, cash is king, and, thus, a big emphasis is placed on a company's ability to generate cash flow. Analysts across a wide range of finance careers spend a great deal of time looking at companies' cash flow profiles. The Statement of Cash Flows is a great place to get started, including looking at each of the three main sections: operating activities, investing activities, and financing activities.

Rates of Return

At the end of the day, investors, lenders, and finance professionals, in general, are focused on what type of risk-adjusted rate of return they can earn on their money. As such, assessing rates of return on investment (ROI) is critical in the industry.

Common examples of rates of return measures include:

Return on Equity (ROE)

Return on Assets (ROA)

Return on invested capital (ROIC)

Dividend Yield

Capital Gain

Accounting rate of return (ARR)

Internal Rate of Return (IRR)

Valuation Analysis

The process of estimating what a business is worth is a major component of financial analysis, and professionals in the industry spend a great deal of time building financial models in Excel. The value of a business can be assessed in many different ways, and analysts need to use a combination of methods to arrive at a reasonable estimation.

Variance Analysis

Variance analysis is the process of comparing actual results to a budget or forecast. It is a very important part of the internal planning and budgeting process at an operating company, particularly for professionals working in the accounting and finance departments.

3.2 AN OVERVIEW OF EARLIER STUDIES

Dr. G.V. Vijayasri, M.A., (MBA) Ph.D.(2020) widely studied The Consumer Electronics. He also examined the trends in Consumer Electronics production, Changes in the direction of Consumer Electronics Exports and also studies the export of top items, major companies Exporting Consumer Electronics. Singapore, Hongkong & Other South Asian countries remain the top destination of Consumer Electronics during the year 2017-18. Smart Cards are emerged to be the top item during the year 2017-18. It has been observed that the Consumer Electronics sector not only contributes significantly to export earnings and GDP but also emerges as a major source of employment generation in the country. Though the Consumer Electronics sector in India is small at present, there are several advantages which India can effectively leverage to achieve higher growth.

Sunitha Raju and V Raveendra Saradhi (2021) states that manufacturing imperatives of the electronics industry require technological capability across components to develop a strong supply base. With domestic value addition being less than 25%, catapulting domestic production capability would necessitate promoting productivity enhancing innovations at the firm level, particularly in design and development capabilities. For assessing the technological orientation of the electronics manufacturing Industry, the empirical investigation of this article focuses on two important channels of influence, namely imports and firm productivity and exports and firm productivity under a liberalised regime, thereby identifying the determinants of production growth of electronics manufacturing in India. The econometric analysis has underlined the low technological capability of manufacturing firms. While the import of raw material is significant for both domestic-oriented and export-oriented firms, import of capital goods is significant for only export-oriented firms. Further, R&D expenditure is low which is statistically significant. Taken together, these results highlight that high imports are on account of domestic non-availability, and imports have substituted domestic R&D that underlines low technological capability of Indian firms. Further, export-oriented firms have technologically advanced products possibly to face the competitive pressures in the international market. To supplement these insights, the descriptive analysis focused on the trade orientation of the sample firms and cost structure in determining their market behaviour. The share of firms engaging in domestic activity surged post liberalisation, suggesting that the focus was primarily on fast expanding domestic market. As such, import engagement has increased significantly but export engagement has decreased. This suggests that imports have not facilitated export growth but only bridged the gap of non-availability of inputs domestically. The analysis of cost structure points to a decline in the share of capital goods and R&D, both implying lack of technological capability of the firms. Further, increasingly firms are turning to trading, that is, import of finished goods. As such, to promote a conducive manufacturing ecosystem, there is a need to promote technological capability and encourage export orientation of the firms.

Petrit Hasanaj and Beke Kuqi's(2019) study on financial statements states the main purpose is to determine, forecast and evaluate the best of economic conditions and company's performance in the future. The other purpose of this study is to analyse the financial statement and then give information for financial managers to make through decisions about their business. The financial statement applies tools, analytical techniques and required methods for business analysis. It is a diagnostic tool for evaluating financing activities, investment activities and operational activities as well as an assessment tool for management decisions and other business decisions. The analysis of financial statements, respectively the analysis of the financial reports are used by managers, shareholders, investors and all other interested parties regarding the company's state. Managers use financial reports to see the situation in which the company stands and then provide information to shareholders, to see how reasonable are the investments made in the company. To potential investors, the analysis of the financial statements of the company is very important, because, first they want to know the actual state of the company and then decide whether to invest or not.

Dusan Baran, Andrej Pasty, Daniela Baranova (2016) in their study says that in a global market economy that is determined by its constant uncertainty, the business enterprises are

faced with demanding economic conditions. They are exposed to constant changes of environment as well as uncompromised pressure of competitors, who are trying every day to increase the quality of their products and services and continuously to progress ahead. This fact results in a negative impact on the whole performance of the business subject. The business subject, in order to be able to maintain a stable and competitive position on the market, to provide inputs for the management, to make important strategic decisions and to achieve their economic goals, is forced to constantly analyse and monitor their financial situation with which appears towards financial subjects and the surrounding's situation. A principal factor of effective financial management consist SLOVAK UNIVERSITY OF TECHNOLOGY in Bratislava, s of financial situation knowledge. For this purpose the financial analysis is used. With it the business subject will be capable to prevent the crisis, which would lead to remediation or even to bankruptcy.

E.A. Osadchy, E.M. Akhmetshin, E.F. Amirova, T.N. Bochkareva, Yu.Yu. Gazizyanova, A.V. Yumashev(2018) studies about Financial Statements of a Company as an Information Base for Decision-Making in a Transforming Economy. Preparation of financial statements is important for the successful conduct of the activities of any enterprise. It is connected not only with summarizing the results of its financial and economic activities for a certain period, but also with determining the quality of company's relations with public authorities that control the conduct of any economic activity in the state, including the activities connected with the receipt of profit (Gapsalamov et al., 2017; Bittman et al., 2017). Thus, depending on how timely the financial statements are presented by the company, there are penalties imposed on it, the frequency and severity of conducted tax audits. It is also an important fact that timely and high-quality financial statements are required to obtain a general picture of a legal entity's performance, its effectiveness, financial stability and other indicators (Korableva and Kalimullina, 2014). That is why the company's financial statements are important for its management and for external bodies.

This topic should also be considered due to the fact that a careful study of balance sheets allows us to disclose both the secrets of successful and effective company performance, the reasons for failures and insolvency and identify factors that negatively affect the company's performance. Based on this information, plans can be adjusted and ways to improve the company's activities can be outlined.

Dr. Ayad Shaker Sultan's(2014) study on Financial Statements Analysis - Measurement of Performance and Profitability. This study presents a model for the financial statements analysis of Baghdad Soft-Drinks Industry during the period from 2004 to September 2013 on profitability that traced the measurement of performance. The foregoing analysis reveals that there were gray areas took place in June 2007 to June 2009, which resulted in decline of all the concerned profitability ratios and subsequently the performance of Baghdad Soft-Drinks Industry, during the two years. In conclusion, ROE is the most comprehensive measure of profitability of a firm; it considers the operating and investing decisions made as well as the financing and tax related decisions. ROE should be a tool that all business owners, managers, and all users of accounting and finance have at their disposal when evaluating a firm and making recommendations for improvement. It is anticipated, given the conditions of the

country in general and Baghdad City where the company is located and high consumption of soft drinks by the masses, that Baghdad Soft-Drinks Industry will recover from the inconvenience evidenced in its financial statements and might be able to gain a handsome profits to its shareholders and outstanding performance in the years ahead.

Dr.P.Ganapathi, M.Kulandaivelu, P.Keerthana's(2018) study on financial statement analysis of Tamil Nadu newsprint and paper limited (tnpl) says that A financial statement analysis that distinguishes leverage that arises in financing activities from leverage that arises in operations. The analysis yields two leveraging equations, one for borrowing to finance operations and one for borrowing in the course of operations. These leveraging equations describe how the two types of leverage affect book rates of return on equity. An empirical analysis shows that the financial statement analysis explains cross-sectional differences in current and future rates of return as well as price-to-book ratios, which are based on expected rates of return on equity. The paper therefore concludes that balance sheet line items for operating liabilities are priced differently than those dealing with financing liabilities. Accordingly, financial statement analysis that distinguishes the two types of liabilities informs on future profitability and aids in the evaluation of appropriate price-to-book ratios. Ratio analysis is a commonly used analytical tool for verifying the performance of a firm. While ratios are easy to compute, which in part explains their wide appeal, their interpretation is problematic when two or more ratios provide conflicting signals. Indeed, ratio analysis is often criticized on the grounds of subjectivity that is the analysts must pick and choose ratios in order to assess the overall performance of a firm.

S.Saigeetha and Dr.S.T.Surulivel(2017) has studied about financial performance using ratio analysis of BHEL. From the study, it is found that the management must improve the current ratio by lowering the current liabilities. The gross profit ratios and net profit ratios calculated shows the profit margin earned on its manufacturing and trading activities. The net profit ratio indicates to leave a margin of reasonable compensation to the owners for providing their capital at risk. The debtor's turnover ratio is not satisfactory. Over the past five years the ratio has declined. The low ratio indicates how slowly money is collected from the debtors. Therefore, BHEL should improve the ratio by collecting deferred dues well in time by satisfying the customer in terms of performance of the sets supplied by BHEL. The creditors turnover ratio calculated for the last five years proves satisfactory and the amount payable is decreasing every year which means the number of creditors have been decreased. To increase the margin of safety it is suggested that the borrowed fund must maintained at a low level. Over the last 5 years BHEL is a debt free company which must be maintained throughout. To increase the gross profit margin the cost of production must be decreased by purchasing good quality materials at less price, worker's efficiency can be improved and scraps can be decreased. The current ratio is nearer to the ideal current ratio of 2:1 which can be maintained. To increase the debtor's turnover ratio the deferred dues must be collected well in time to satisfy the customers. It is observed that the profitability and capital employees is not satisfactory. It is suggested to reduce the costs and other operating expenses to increase the profits. Finally, after analysing all ratios, it is clear that the decrease in profits for the company is due to the decreasing profitability during the period of five years. Increasing costs and decreasing sales have resulted

in the decline of gross profits and the net profits. Therefore, the company should try to increase the sales volume by reducing the costs to increase the profits and improve the profitability position.

3.3 UNIQUENESS OF THE STUDY

- Data is collected from reliable sources.
- Tools which are used for analysis are updated and have advanced techniques.

CHAPTER 4
METHODOLOGY OF THE STUDY

4.1 RESEARCH APPROACH AND DESIGN

Methodology in research is defined as the systematic method to resolve a research problem through data gathering using various techniques, providing an interpretation of data gathered and drawing conclusions about the research data. Essentially, a research methodology is the blueprint of a research or study. In research, there are two fundamental methods used for either approach—quantitative and qualitative research methods.

Quantitative; This approach is often used by researchers who follow the scientific paradigm. This method seeks to quantify data and generalize results from a sample of a target population. It follows a structured data collection process with data output in the form of numbers. Quantitative research also observes objective analysis using statistical means.

Qualitative; Unlike the quantitative approach that aims to count things in order to explain what is observed, the qualitative research method is geared toward creating a complete and detailed description of your observation as a researcher. Rather than providing predictions and/or causal explanations, the qualitative method offers contextualization and interpretation of the data gathered. This research method is subjective and requires a smaller number of carefully chosen respondents.

4.2 SOURCES OF ONLINE DATA

The success of a study depends largely on the methodology used. The appropriate methodology will improve the validity of the findings. For the purpose of getting data both primary and secondary sources are used.

Data's like the annual reports of the company, balance sheets, and profit and loss account, booklets, records such as files, reports maintained by the company has been obtained from the published reports. Mainly the annual report consists of two parts;

1. Profit and Loss Account
2. Balance Sheet

Secondary data are those data which are not collected for the first time. These are collected through the following sources:

- Annual Reports
- Articles
- Documents
- Brochures

4.3 SAMPLING DESIGN

Sample design methods generally refer to the technique used to select sample units for measurement. Before sample design methods can be considered, it is necessary to have thoroughly defined the population, study area, sampling unit, and sampling objective. All of these will have an impact on which sample design methods are suitable. Selection of a suitable sample design method ensures that the samples you invest your time and money into collecting can support the inferences you want to make. Use of a sample design method that is not appropriate can lead to samples that are biased with respect to your assessment or monitoring objectives. In this case, inference is valid only for samples/sites that were measured, and not the larger area/population.

The study has been taken during the period from 2016 to 2020 (Five years) through financial reports.

4.4 DATA ANALYSIS TOOLS

An analysis of financial performance can be possible through the use of one or more tools of financial analysis.

Accounting Techniques;

It also known as financial techniques. Some of the financial techniques or analysis used are;

- Ratio Analysis
- Trend Analysis
- Correlation Analysis
- Common size Statement Analysis

- DuPont Analysis

Ratio analysis;

Ratios can be classified into four groups, on the basis of items used:

- LIQUIDITY RATIO
- SOLVENCY RATIO
- ACTIVITY RATIO
- PROFITABILITY RATIO

Liquidity Ratios

- Current Ratio
- Quick Ratio
- Absolute Liquid Ratio

Solvency Ratio

- Debt ratio
- Debt to equity ratio
- Proprietary Ratio or Equity Ratio
- Interest Coverage Ratio

Activity Ratios/Turnover Ratios;

- Working Capital Turnover Ratio
- Current Assets Turnover Ratio
- Fixed Assets Turnover Ratio
- Total Assets Turnover Ratio
- Debtors Turnover Ratio
- Creditors Turnover Ratio
- Inventory Turnover Ratio

Profitability Ratios;

- Net Profit Ratio
- Return on Total Assets Ratio
- Operating Profit Ratio
- Gross Profit Ratio
- Return on Capital Employed Ratio
- Return on Equity Ratio

Trend Analysis

Types of Trend

- Uptrend
- Downtrend
- Sideways / horizontal Trend

Correlation analysis

The correlation analysis is used when the researcher wants to determine the possible association between the variables and to begin with; the following steps are to be followed:

- Determining whether the relation exists and then measuring it (The measure of correlation is called as the Coefficient of Correlation).
- Testing its significance
- Establishing the cause-and-effect relation, if any.

The equation for correlation coefficient is:

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}$$

Common Size Statement Analysis

This method analyses financial statements by taking into consideration each of the line items as a percentage of the base amount for that particular accounting period.

Types Of Common-Size Statement Analysis

- Common-Size Balance Sheet:
- Common Size Income Statement:

Dupont Analysis

This model breaks down the return on equity ratio to explain how companies can increase their return for investors

- Profit Margin
- Total Asset Turnover
- Financial Leverage

DuPont can be calculated as

$$\text{ROE} = (\text{Net Income} / \text{Sales}) * (\text{Sales} / \text{Assets}) * (\text{Assets} / \text{Shareholder's Equity})$$

4.5 Report Structure

The report is presented in seven chapters as given below;

Chapter 1 – Introduction

Chapter 2 – Industry profile

Chapter 3 – Review of literature

Chapter 4 – Methodology of the study

Chapter 5 – Data analysis, interpretation and inferences

Chapter 6 – Findings of the study

Chapter 7 – Conclusion

4.6 LIMITATIONS OF THE STUDY

The study was conducted with the following limitations:

- As the study was mainly based on secondary information, the inherent limitations of the secondary data might have affected the findings of the study.
- This study is a partial analysis based on secondary data.
- Accuracy of the result depends the accuracy of secondary data.
- Clarification on secondary data couldn't be able to discuss with company's authority.

CHAPTER 5
DATA ANALYSIS, INTERPRETATION & INFERENCE

A. LIQUIDITY RATIOS:

i. Current ratio:

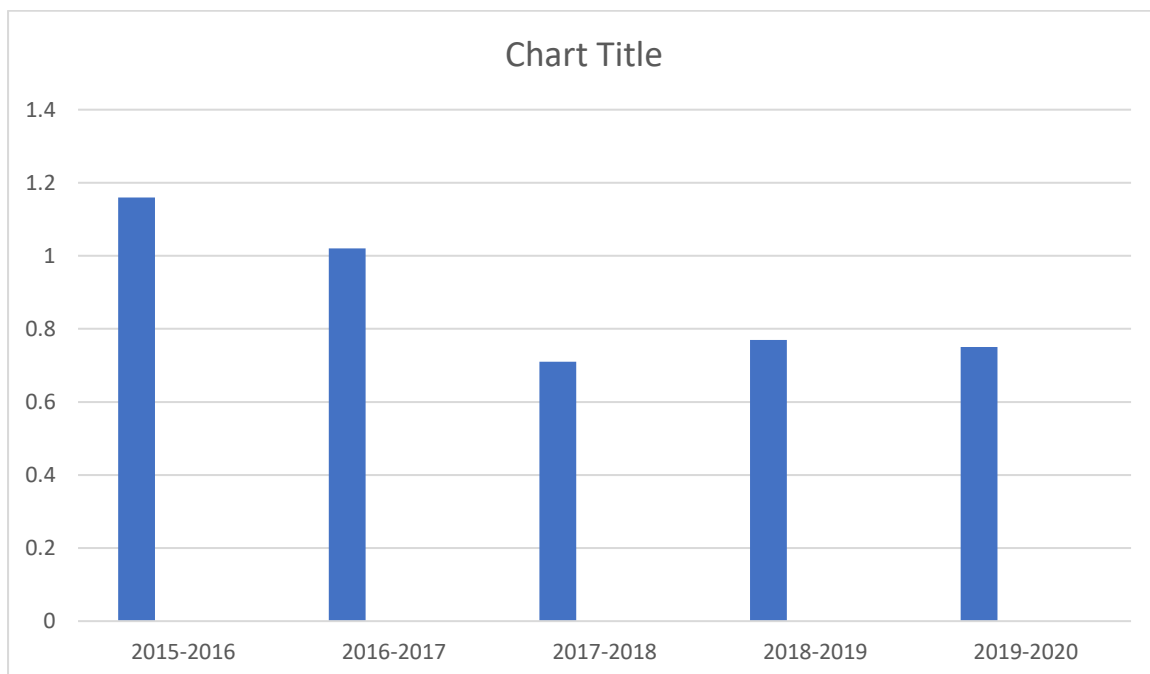
$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

TABLE 5.1.1

CURRENT RATIO

Year	Current Asset	Current Liabilities	Ratio
2015-2016	27599.48	23695.30	1.16
2016-2017	27488.73	26789.04	1.02
2017-2018	32922.32	45758.27	0.71
2018-2019	36873.71	47377.35	0.77
2019-2020	43192.76	56914.57	0.75

FIGURE 5.1.1 showing current ratio;



Interpretation and Analysis:

The above table shows that the current ratio in the year 2015-16 was 1.16 and then it decreases to 1.02 and 0.77 in the year 2015-16 to 2016-2017, further move upwards to 0.77 in the year 2018-2019 and finally in the year 2019-2020 it slashed down to 0.75.

The highest current ratio recorded is in the year 2015-2016 which is at 1.16 and the lowest is at 0.71 for the year 2017-2018.

The normal current ratio is 2:1. The above table shows current ratio is lower than 2% in all the first five years and the average ratio of the company (.882) is not satisfactory.

ii Acid Test Ratio / Quick Ratio

This ratio is the best measure of the liquidity in the company. This ratio is more conservative than the current ratio. The quick asset is computed by adjusting current assets to eliminate those assets which are not in cash. Generally 1:1 is treated as an ideal ratio.

$$\text{Acid test ratio/Quick ratio} = \frac{\text{Quick asset}}{\text{Current liabilities}}$$

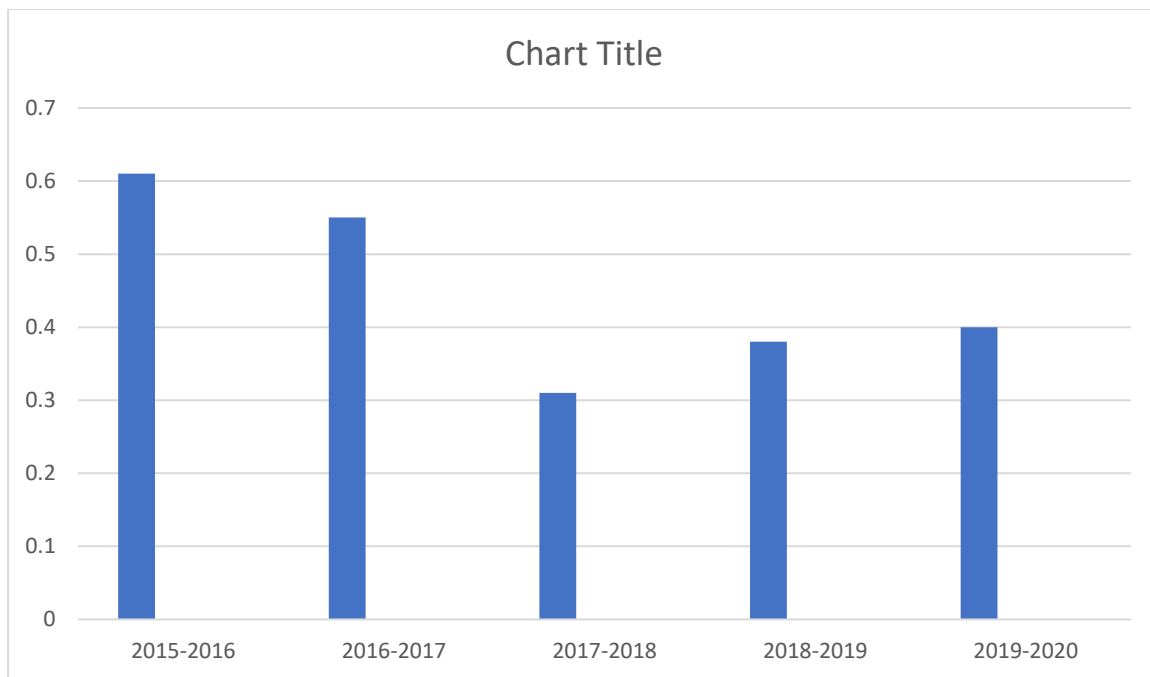
TABLE 5.1.2

ACID TEST RATIO/QUICK RATIO

Year	Quick Asset	Current Liabilities	Ratio
2015-2016	14627.22	23695.30	0.61

2016-2017	14779.61	26789.04	0.55
2017-2018	14346.04	45758.27	0.31
2018-2019	18453.49	47377.35	0.38
2019-2020	22999.34	56914.57	0.40

Figure 5.1.2 showing acid ratio;



Interpretation and Analysis:

Quick ratio indicates whether the firm is in a position to pay its current liabilities within a month of immediately. The standard ratio is 1:1 and here the ratios are 0.61, 0.55, 0.31, 0.38, and 0.40.

The average quick ratio is valued at 0.45. Usually assumed that quick asset remains equivalent to current liabilities then the concern may be able to meet its short term obligations. But KELTRON cannot bring its liquid ratio as reasonable in the period of 2015 to 2020.

iii) Absolute liquidity ratio

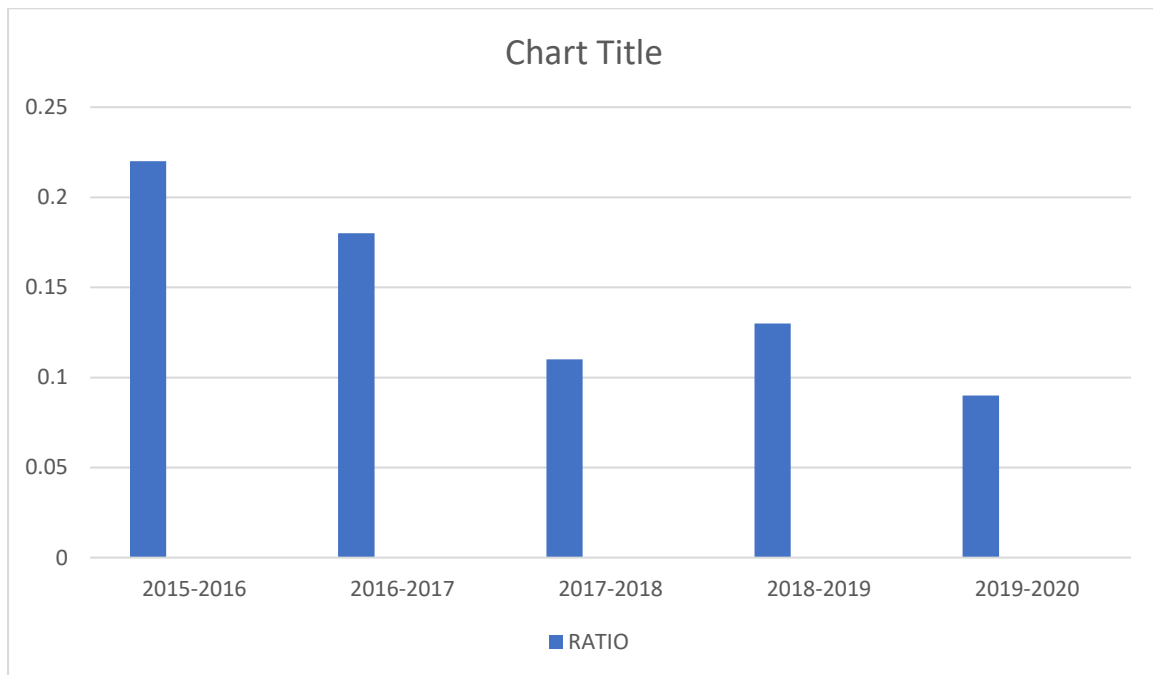
The relationship between the absolute liquid assets and current liabilities is established by this ratio. Absolute Liquid Assets take into account cash in hand, cash at bank, and marketable securities or temporary investments.

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

TABLE 5.1.3
ABSOLUTE LIQUIDITY RATIO

Year	Cash and bank	Current Liabilities	Ratio
2015-2016	5391.03	23695.30	0.22
2016-2017	5014.31	26789.04	0.18
2017-2018	5142.41	45758.27	0.11
2018-2019	6193.49	47377.35	0.13
2019-2020	5179.37	56914.57	0.09

figure 5.1.3 showing absolute liquid ratio;



Interpretation and Analysis:

The acceptable norm for this ratio is 1:2 to attain liquidity position. In KELTRON liquidity ratio is very low from 2015-2020, when the ratios are less than the recommended level, the company fails to manage day to day cash management progression. The lowest so far in 2015-2020 is at the year 2019-2020 which stands at 0.09. the average liquidity ratio is at 0.12.

A) Leverage ratio

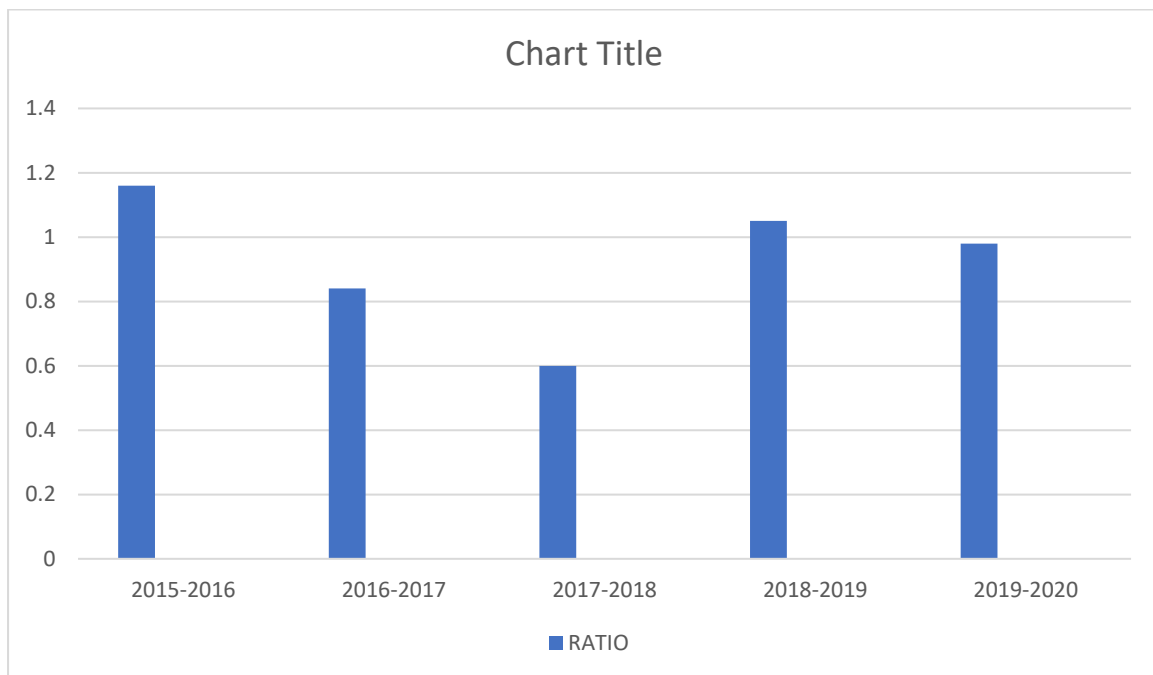
i. Debt equity ratio

$$\frac{\text{Debt equity ratio} = \text{Outsider's fund}}{\text{Proprietor's fund}}$$

Table 5.2.1 showing debt equity ratio;

Year	Outsiders fund	Proprietors fund	Ratio
2015-2016	18661.46	16,022.09	1.16
2016-2017	15481.65	18,356.10	0.84
2017-2018	12364.14	20347.41	0.60
2018-2019	25325.79	23,948.22	1.05
2019-2020	27833.25	28,174.82	0.98

figure 5.2.1 showing debt equity ratio;



Interpretation and Analysis:

The ratio measures the relationship between debt and equity. An acceptable norm for this ratio is considered to be 2:1. A high ratio shows that the claims of creditors are greater those of owners. A very high ratio is unfavourable from the point of view of the firm. A low debt equity ratio implies a greater claim of owners than creditors. Here the ratios are 1.16,0.84,0.60,1.05,0.98 respectively for the year 2016,2017,2018,2019,2020. Hence we can conclude that long term solvency position of the firm is good.

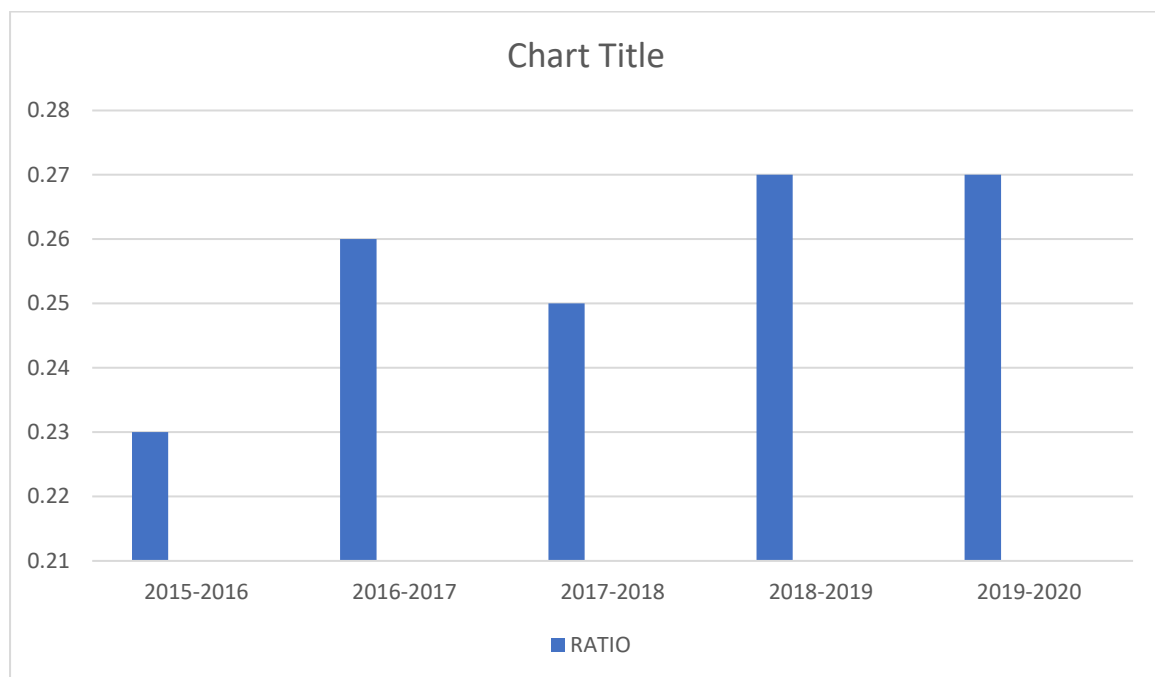
ii. Proprietary ratio

$$\frac{\text{Proprietary ratio} = \text{Proprietor's fund}}{\text{Total tangible asset}}$$

Table 5.2.2 showing proprietary ratio;

Year	Proprietors fund	Total Tangible Asset	Ratio
2015-2016	16,022.09	67550.64	0.23
2016-2017	18,356.10	70470.93	0.26
2017-2018	20347.41	78469.85	0.25
2018-2019	23,948.22	86807.22	0.27
2019-2020	28,174.82	103750.85	0.27

Figure 5.2.2 showing proprietary ratio;



Interpretation and Analysis:

The proprietary ratio is computed for the purpose of knowing how much funds have been provided by the shareholder towards the total asset. A high ratio indicates safety to the creditors and low ratio shows greater risk to the creditors. The standard ratio is 1:3. Here the ratios are 0.23, 0.26, 0.25, 0.27, and 0.27 respectively for the years 2015-16 to 2019-20. Here we can conclude that the company has no favourable solvency position.

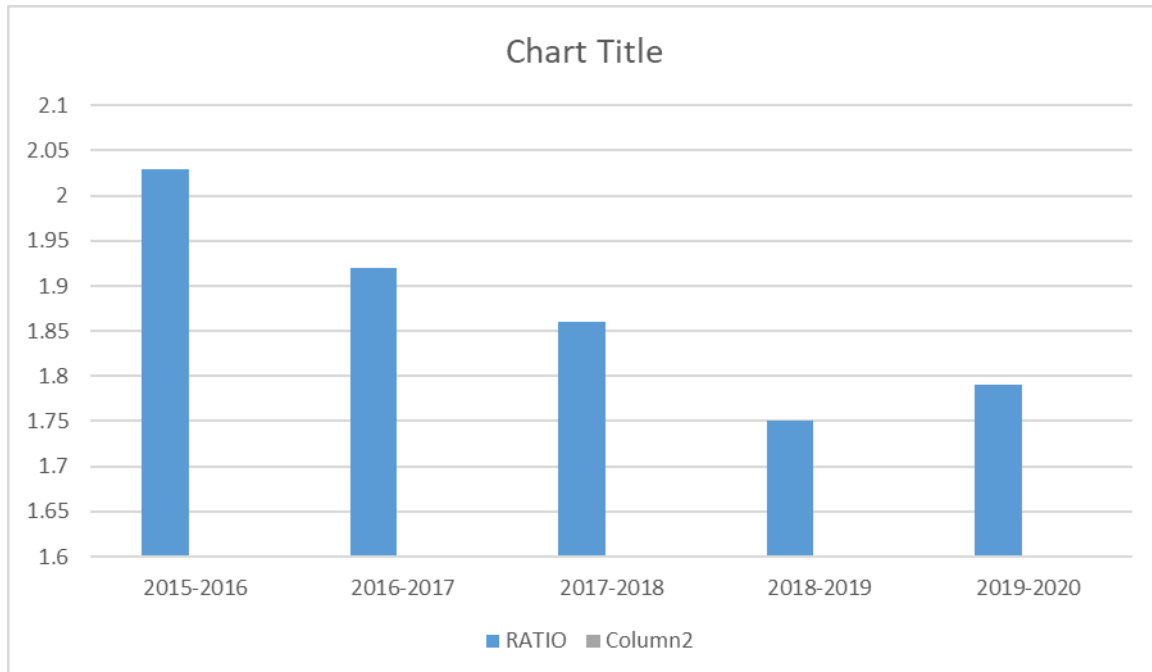
3. Fixed asset to net worth ratio

$$\frac{\text{Fixed asset to net worth ratio} = \text{Fixed asset}}{\text{Shareholder's fund}}$$

TABLE 5.2.3 SHOWING FIXED ASSET TO NETWORTH RATIO

Year	Fixed Asset	Shareholders fund	Ratio
2015-2016	32537.23	16,022.09	2.03
2016-2017	35322.71	18,356.10	1.92
2017-2018	37942.36	20347.41	1.86
2018-2019	41957.10	23,948.22	1.75
2019-2020	50475.20	28,174.82	1.79

Figure 5.2.3 showing fixed asset to net worth ratio;



Interpretation and Analysis:

If the ratio is greater than one, it means that creditors fund is used to acquire a part of fixed asset. Here the ratios are more than one, hence we can conclude that company does not need to use creditors fund for acquiring fixed asset. The highest fixed asset to net worth ratio is at 2.03 for the year 2015-2016, and the lowest is at 1.75 for the year 2018-2019.

B) Turnover ratio

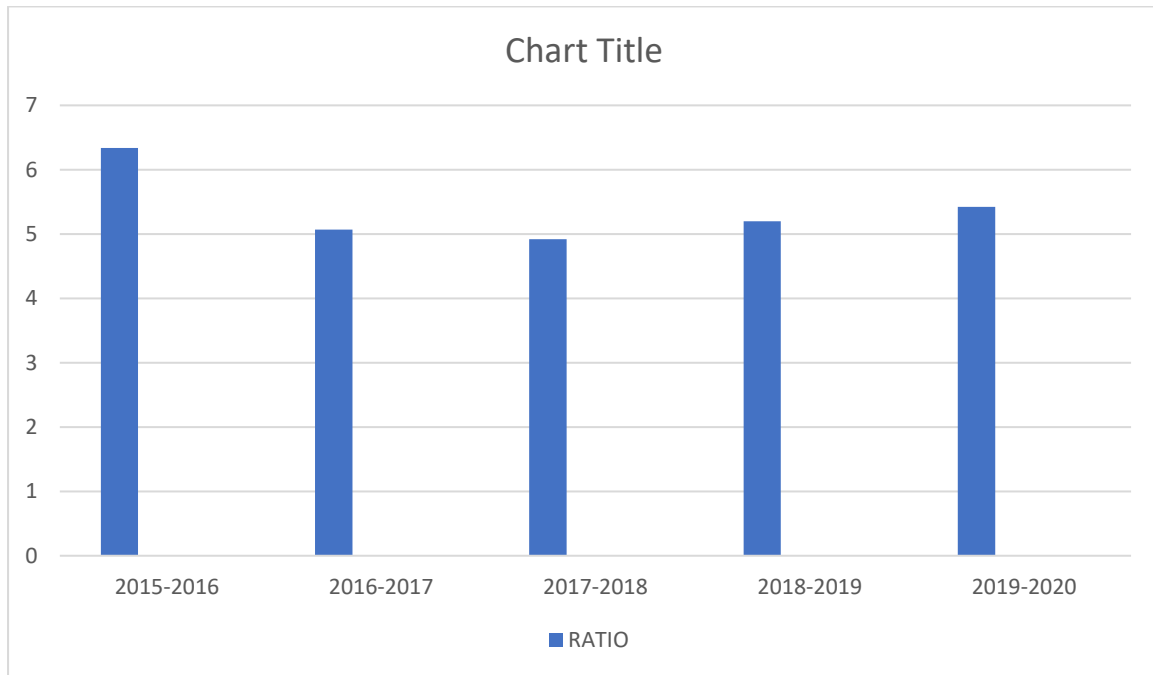
i. Fixed asset turnover ratio

$$\frac{\text{Fixed asset turnover ratio} = \text{Net sales}}{\text{Fixed asset}}$$

TABLE 5.3.1 SHOWING FIXED ASSET TURNOVER RATIO;

Year	Net Sales	Fixed Asset	Ratio
2015-2016	206,380.37	32537.23	6.34
2016-2017	179281.07	35322.71	5.07
2017-2018	186709.67	37942.36	4.92
2018-2019	218474.14	41957.10	5.20
2019-2020	273980.92	50475.20	5.42

Figure 5.3.1 showing fixed asset turnover ratio;



Interpretation and Analysis:

Fixed assets are used in the business for producing goods to be sold. The effective utilization of fixed asset will result in increased production and reduced cost. The effective utilization offered asset shows a higher ratio in the year 2016. But the ratio is decreasing in the last years. This fluctuation indicates the need of better utilization of fixed asset.

The average asset turnover ratio is valued at 5.39.

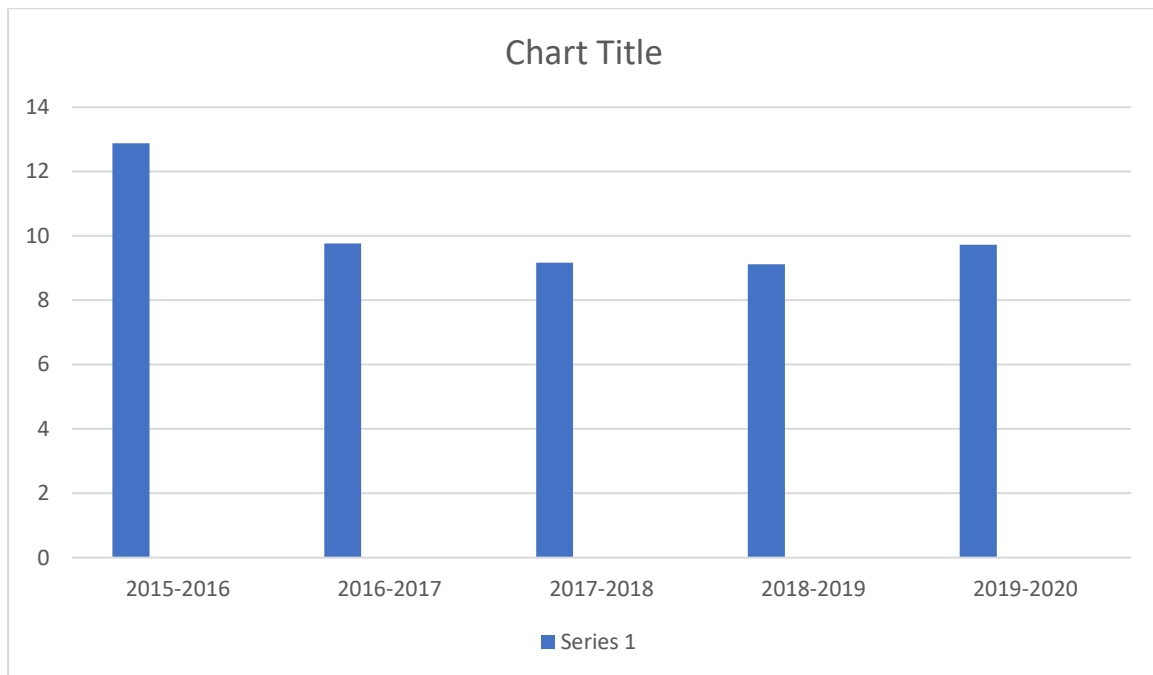
2. Capital Turnover Ratio

$$\text{Capital turnover ratio} = \frac{\text{Sales}}{\text{Proprietor's fund}}$$

Table 5.3.2 showing capital turnover ratio;

Year	Net sales	Proprietors fund	Ratio
2014-2015	206380.37	16022.09	12.88
2015-2016	179281.07	18356.10	9.76
2016-2017	186709.67	20347.41	9.17
2017-2018	218474.14	23948.22	9.12
2018-2019	273980.92	28174.82	9.72

Figure 5.3.2 showing capital turnover ratio;



Interpretation and Analysis:

The above table diagram shows the relationship between the sales and proprietors funds. In the year 201-16 the ratio 12.88 and then it was decreasing and reached 9.76, 9.17 and 9.12 in the year 2016-17 to 2018-2019 and in the final year i.e. 2019-20 it reached the highest to 9.72. It shows the firms is maintaining the better utilization of own funds.

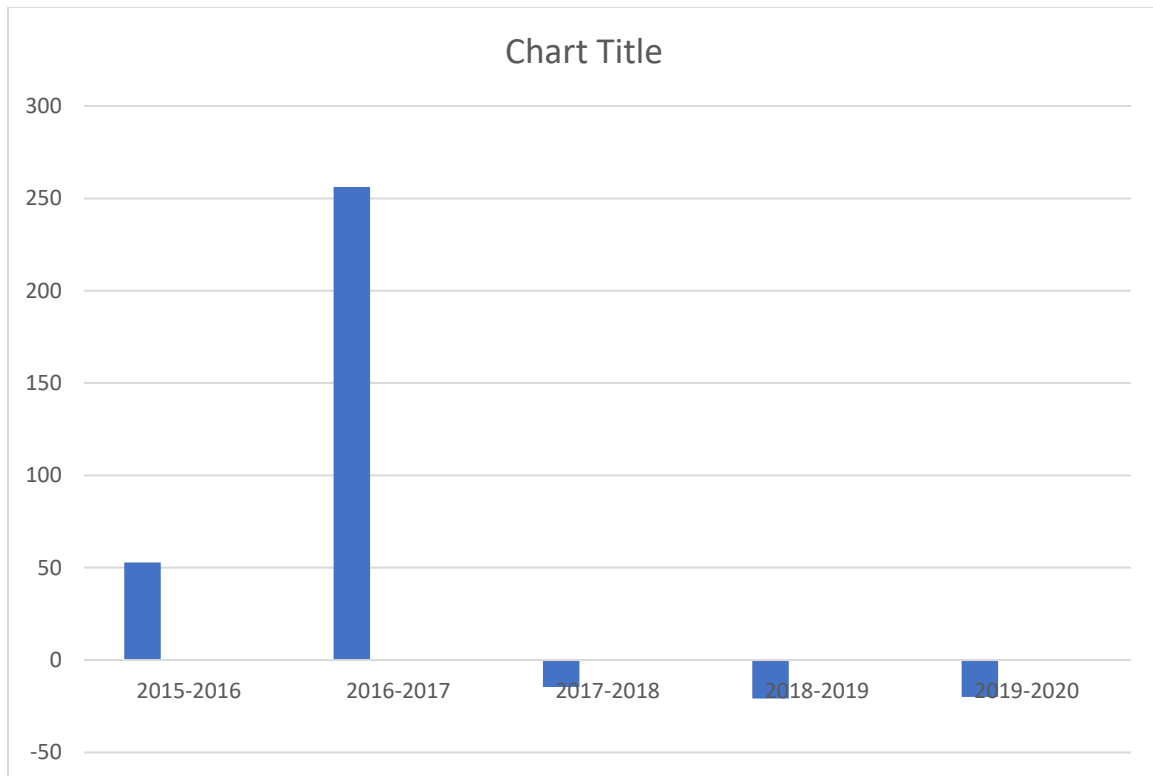
ii. Working capital turnover ratio

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

TABLE 5.3.3 SHOWING WORKING CAPITAL TURNOVER;

Year	Net Sales	Working capital	Ratio
2015-2016	206380.37	3904.18	52.86
2016-2017	179281.07	699.69	256.22
2017-2018	186709.67	-12835.95	-14.5
2018-2019	218474.14	-10503.64	-20.79
2019-2020	273980.92	-13721.81	-19.96

FIGURE 5.3.3 SHOWING WORKING CAPITAL TURNOVER



Interpretation and Analysis:

Fluctuation in the working capital due to the variation of net working capital shows that the need of consistent working capital management policy. The above graph shows a decreasing capital turnover ratio during the three years from 2017 to 2020. This decrease trend not good for the company, it does not achieve maximum sales with minimum amount of capital employed.

D. Profitability ratios:

1. Gross profit ratio

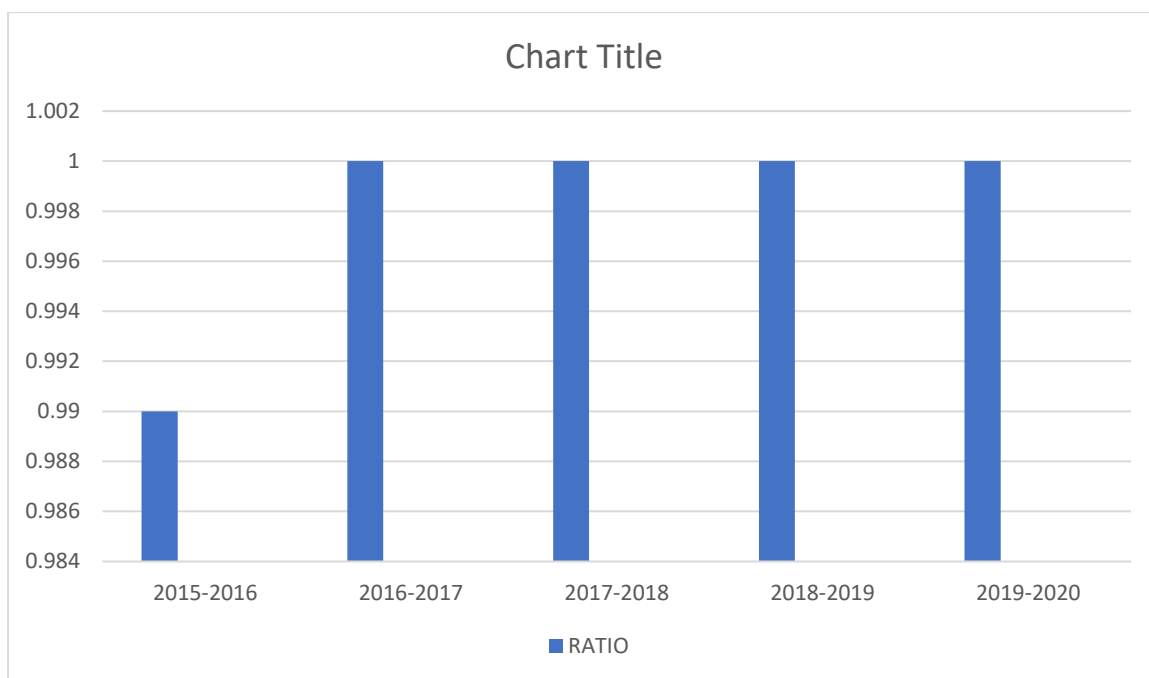
$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}}$$

TABLE 5.4.1 SHOWING GROSS PROFIT RATIO;

GROSS PROFIT RATIO

Year	Gross profit	Net sales	Ratio
2015-2016	206626.18	206380.37	0.99
2016-2017	179571.19	179281.07	1.00
2017-2018	187090.54	186709.67	1.00
2018-2019	219332.60	218474.14	1.00
2019-2020	275197.42	273980.92	1.00

FIGURE 5.4.1 SHOWING GROSS PROFIT RATIO;



Interpretation and Analysis:

The above table shows the relationship between the gross profit and net sales in percentage. During 2015-16 the gross profit position was 0.99 and in the very next four year it raised to 1.00.

The gross profit of the company is 0.99 at the year 2015-2016 at for the next four year it is at a constant rate which is good for the company.

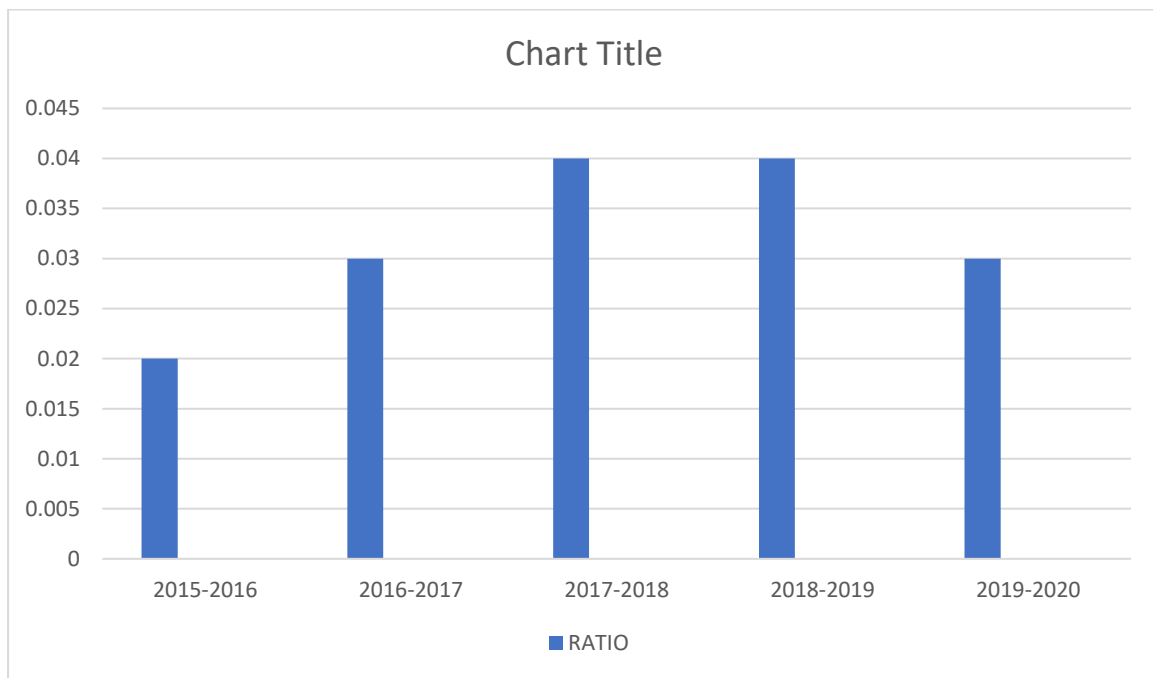
i) Net profit ratio

$$\frac{\text{Net profit}}{\text{Net sales}}$$

TABLE 5.4.2 SHOWING NET PROFIT RATIO;

Year	Net profit	Net sales	Ratio
2015-2016	4149.65	206380.37	0.02
2016-2017	5743.61	179281.07	0.03
2017-2018	9020.84	186709.67	0.04
2018-2019	9201.93	218474.14	0.04
2019-2020	9338.66	273980.92	0.03

FIGURE 5.4.2 SHOWING NET PROFIT RATIO;



Interpretation and Analysis:

This ratio is used to measure the overall profitability and hence it is very useful to proprietors. Here the profitability of the firm follows an increasing trend. But in the year 2020 the profitability is slightly decreased. This fluctuating trend indicate the need of cost management and sales promotion.

TREND ANALYSIS

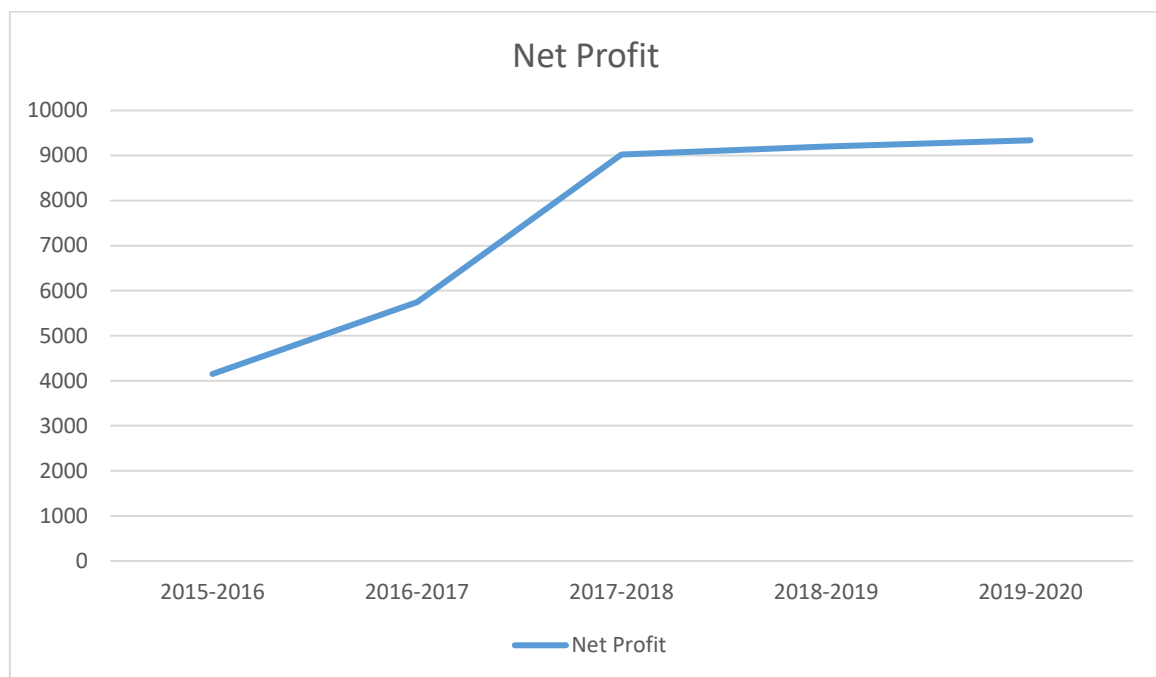
The table showing the trend for NET PROFIT from 2015-16 to 2019-20

TABLE 5.5
NET PROFIT

Year	X	Y	XY	X ²
2015-2016	1	4149.65	4149.65	1
2016-2017	2	5743.61	11487.22	4
2017-2018	3	9020.84	27062.52	9
2018-2019	4	9201.93	36807.72	16
2019-2020	5	9338.66	46693.3	25
Total	15	37454.69	126200.41	55

FIGURE 5.5

NET PROFIT FROM 2015-15 TO 2019-20



$$Y = a + bX$$

Where,

$$b = \frac{N \sum XY - \sum X \sum Y}{N}$$

$$\frac{\sum X^2 - \frac{(\sum X)^2}{N}}{N}$$

$$= \frac{5 * 126200.41 - 15 * 37454.69}{5 * 55 - (15 * 15)}$$

$$= \frac{5 * 126200.41 - 15 * 37454.69}{5 * 55 - (15 * 15)}$$

$$= 631002.05 - 561820.35$$

$$\frac{\quad}{275 - 225}$$

$$b = 69181.7$$

$$\frac{\quad}{50}$$

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

$$= 1383.634$$

$$= 37454.69 - 1383.634 * 15$$

$$\frac{\quad}{5}$$

$$= 37454.69 - 20754.51$$

$$\frac{\quad}{5}$$

$$= 16700.18$$

$$\frac{\quad}{5}$$

$$a = 3340.036$$

Profit for the year 2020- 2021 to 2024- 2025

$$Y = a + bX$$

- 2020- 2021

$$\begin{aligned} Y &= 3340.036 + 1383.634 * 6 \\ &= 3340.036 + 8301.804 \\ &= 11641.84 \end{aligned}$$

- 2021- 2022

$$\begin{aligned} Y &= 3340.036 + 1383.634 * 7 \\ &= 3340.036 + 9685.438 \\ &= 13025.474 \end{aligned}$$

- 2022- 2023

$$\begin{aligned}
 Y &= 3340.036 + 1383.634 * 8 \\
 &= 3340.036 + 11069.072 \\
 &= 14409.108
 \end{aligned}$$

- 2023- 2024

$$\begin{aligned}
 Y &= 3340.036 + 1383.634 * 9 \\
 &= 3340.036 + 12452.706 \\
 &= 15792.742
 \end{aligned}$$

- 2024- 2025

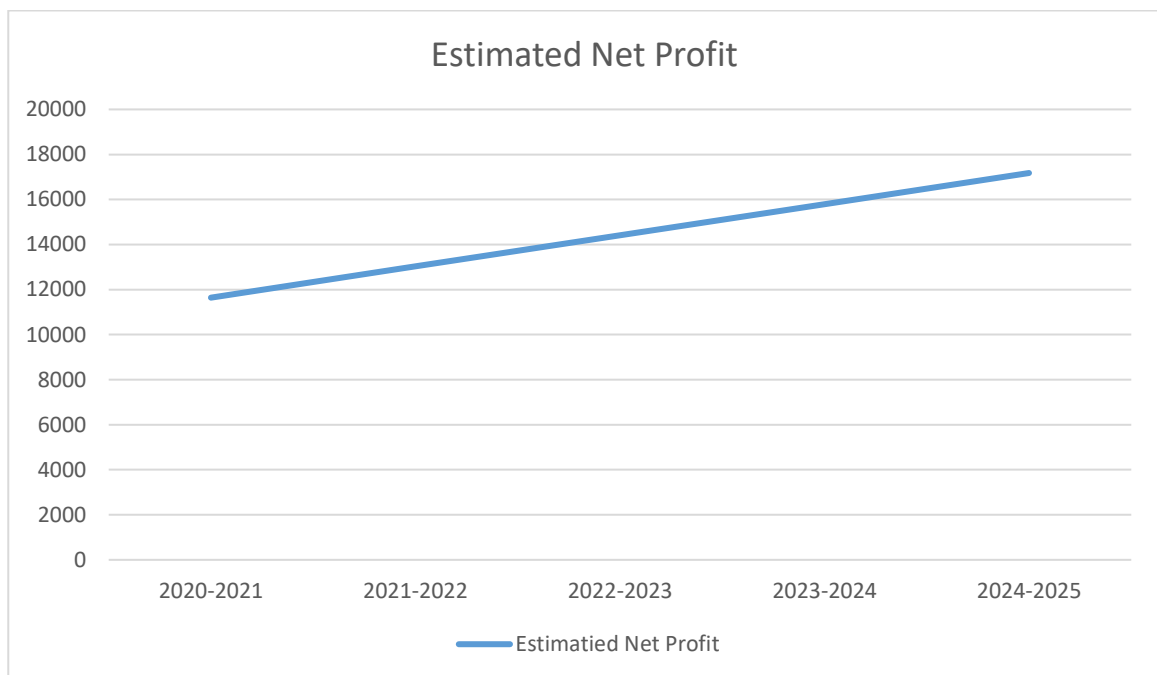
$$\begin{aligned}
 Y &= 3340.036 + 1383.634 * 10 \\
 &= 3340.036 + 13836.34 \\
 &= 17176.376
 \end{aligned}$$

TABLE 5.6

Estimated profit for 2020-2021 to 2024-25

Year	Profit
2020-2021	11641.84
2021-2022	13025.474
2022-2023	14409.108
2023-2024	15792.742
2024-2025	17176.376

FIGURE 5.6
ESTIMATED PROFIT FOR 2020-2021 TO 2024-2025



Interpretation and analysis:

On the basis of last five years profit position we can predict the profit trend for the future years. Here this trend shows positive growth for the future period.

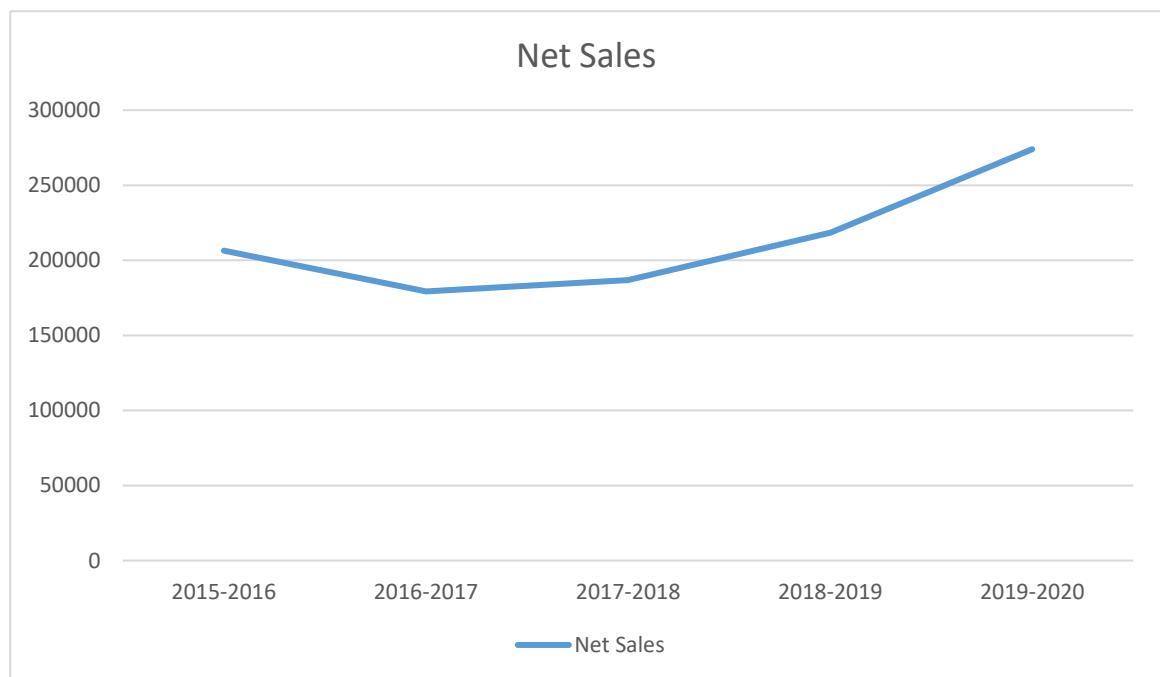
NET SALES

The table showing the trend for NET SALES from 2015-16 to 2019-20

TABLE 5.7

Year	X	Y	XY	X ²
2015-2016	1	206380.37	206380.37	1
2016-2017	2	179281.07	358562.14	4
2017-2018	3	186709.67	560129.01	9
2018-2019	4	218474.14	873896.56	16
2019-2020	5	273980.92	1369904.6	25
Total	15	1064826.17	3368872.68	55

FIGURE 5.7
NET SALES from 2015-16 to 2019 -20



$$Y = a + bX$$

Where,

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

$$\frac{\sum X^2 - \frac{(\sum X)^2}{N}}{5 \cdot 55 - (15 \cdot 15)}$$

$$= \frac{5 \cdot 3368872.68 - 15 \cdot 1064826.17}{275 - 225}$$

$$= \frac{16844363.4 - 15972392.55}{275 - 225}$$

$$b = \frac{871970.85}{50}$$

$$= 17439.417$$

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

$$= \frac{1064826.17 - 17439.417 \cdot 15}{5}$$

$$= \frac{1064826.17 - 261591.255}{5}$$

$$= \frac{803234.915}{5}$$

$$a = 160646.983$$

Sales for the year 2020- 2021 to 2024- 2025

$$Y = a + bX$$

- 2020- 2021

$$\begin{aligned} Y &= 160646.983 + 17439.417 * 6 \\ &= 160646.983 + 104636.502 \\ &= 265283.485 \end{aligned}$$

- 2021- 2022

$$\begin{aligned} Y &= 160646.983 + 17439.417 * 7 \\ &= 160646.983 + 122075.919 \\ &= 282722.902 \end{aligned}$$

- 2022- 2023

$$\begin{aligned} Y &= 160646.983 + 17439.417 * 8 \\ &= 160646.983 + 139515.336 \\ &= 300162.319 \end{aligned}$$

- 2023- 2024

$$\begin{aligned} Y &= 160646.983 + 17439.417 * 9 \\ &= 160646.983 + 156954.753 \\ &= 317601.736 \end{aligned}$$

- 2024- 2025

$$\begin{aligned} Y &= 160646.983 + 17439.417 * 6 \\ &= 160646.983 + 174394.17 \\ &= 335041.153 \end{aligned}$$

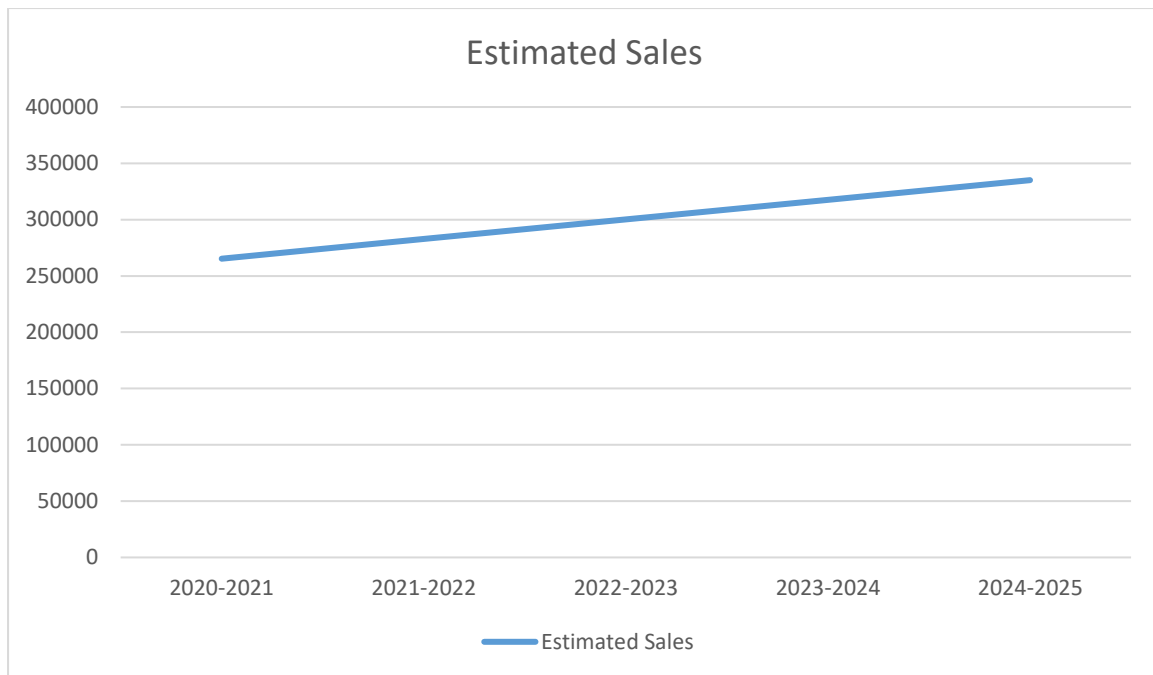
TABLE 5.8

Estimated sales for 2020-2021 to 2024-25

Year	Sales
2020-2021	265283.485
2021-2022	282722.902
2022-2023	300162.319
2023-2024	317601.736
2024-2025	335041.153

FIGURE 5.8

Estimated sales for 2020-2021 to 2024-25



Interpretation and analysis

Future trend of the sales showing a positive trend, even though the future profit is negative. It indicates that the consumers are need the product and the company can survive by reducing cost of production

TABLE 5.9; COMPARATIVE STATEMENT ANALYSIS**Comparative balance sheet of KELTRON for the year 2015 &2016**

Particulars	2015	2016	Inc/Dec	% of changes
<u>Equity and liabilities</u>				
Share capital	339.01	339.01	-----	-----
Reserves and surplus	15,683.08	18017.09	2332.01	14.88
<u>Non- current liabilities</u>				
Long term borrowing	14,855.83	10633.48	(4222.35)	(28.42)
Deferred tax liabilities	4103.60	4810.46	706.86	17.22
Other long term liabilities	8292.35	9450.58	1158.23	13.96
Long term provision	581.47	431.27	(150.2)	(25.83)
<u>Current liabilities</u>				
Short term borrowing	2199.81	3888.54	1688.73	76.76
Trade payable	8935.65	6587.07	(2348.58)	(26.28)
Other current liabilities	10,162.32	14587.91		
Short term provision	2397.52	1725.52	(672)	(28.02)
Total	67550.64	70470.93	2920.29	4.32
<u>Assets</u>				
<u>Non- current asset</u>				
Fixed asset	32,537.23	35,322.71	2785.48	8.60
Non- current investment	5867.52	6000.06	132.54	2.25
Long term loans and advances	1429.86	1573.40	143.54	10.3
Other non- current asset	116.55	86.03	(30.52)	(26.18)
<u>Current asset</u>				
Current investment	5373.96	4994.62	(379.34)	(7.05)
Inventories	12,972.26	12709.12	(263.14)	(20.28)
Trade receivable	3603.05	4192.66	589.61	16.36
Cash and cash equivalent	17.07	19.69	2.62	15.34
Short term loans and advances	5306.52	5295.52	(11)	(0.20)
Other current asset	326.62	277.12	(49.5)	(15.15)
Total	67550.64	70470.93	2920.29	4.32

INTERPRETATION:

The common size statement for the year 2015-16 have a better position in case of assets when compared to previous year.

TABLE 5.10; COMPARATIVE STATEMENT ANALYSIS**Comparative balance sheet of KELTRON for the year 2016&2017**

Particulars	2016	2017	Inc/Dec	% of changes
<u>Equity and liabilities</u>				
Share capital	339.01	1016.27	677.26	199.77
Reserves and surplus	18017.09	19331.14	1314.05	7.29
<u>Non- current liabilities</u>				
Long term borrowing	10633.48	6278.15	(4355.33)	(40.95)
Deferred tax liabilities	4810.46	5895.59	1085.13	22.55
Other long term liabilities	9450.58	8.11	(9442.47)	(99.91)
Long term provision	431.27	182.32	(248.95)	(57.72)
<u>Current liabilities</u>				
Short term borrowing	3888.54	10892.41	7003.87	180.11
Trade payable	6587.07	12664.56	6077.49	92.26
Other current liabilities	14587.91	19792.80	5204.89	35.67
Short term provision	1725.52	2408.50	682.98	39.58
Total	70470.93	78469.85	7998.92	11.35
<u>Assets</u>				
<u>Non- current asset</u>				
Fixed asset	35,322.71	37942.36	2619.65	7.41
Non- current investment	6000.06	5809.86	(190.2)	(3.16)
Long term loans and advances	1573.40	456.43	(1116.97)	(70.99)
Other non- current asset	86.03	1338.88	1252.85	1456.29
<u>Current asset</u>				
Current investment	4994.62	5108.74	114.12	2.28
Inventories	12709.12	18576.28	5867.16	46.16
Trade receivable	4192.66	4064.21	(128.45)	(3.06)
Cash and cash equivalent	19.69	33.67	13.98	71.00
Short term loans and advances	5295.52	163.21	(5132.31)	(96.91)
Other current asset	277.12	4976.21	4699.09	1695.68
Total	70470.93	78469.85	7998.92	11.35

INTERPRETATION:

The common size balance sheet of the year 2016-17 shows an increasing trend in the asset side items. The company's performance is better than previous year.

TABLE 5.11; COMPARATIVE STATEMENT ANALYSIS**Comparative balance sheet of KELTRON for the year 2017&2018**

Particulars	2017	2018	Inc/Dec	% of changes
<u>Equity and liabilities</u>				
Share capital	1016.27	1524.21	507.94	49.98
Reserves and surplus	19331.14	22424.01	3092.87	15.99
<u>Non- current liabilities</u>				
Long term borrowing	6278.15	8830.78	2552.63	40.65
Deferred tax liabilities	5895.59	6569.19	673.6	11.42
Other long term liabilities	8.11	4.46	(3.65)	(45.00)
Long term provision	182.32	77.22	(105.1)	(57.64)
<u>Current liabilities</u>				
Short term borrowing	10892.41	10762.18	(130.23)	(1.19)
Trade payable	12664.56	15703.87	3039.31	23.99
Other current liabilities	19792.80	18403.05	(1389.75)	(7.02)
Short term provision	2408.50	2508.25	99.75	4.14
Total	78469.85	86807.22	8337.37	10.62
<u>Assets</u>				
<u>Non- current asset</u>				
Fixed asset	37942.36	41957.10	4014.74	10.58
Non- current investment	5809.86	6105.72	295.86	5.09
Long term loans and advances	456.43	461.61	5.18	1.13
Other non- current asset	1338.88	1409.08	70.2	5.24
<u>Current asset</u>				
Current investment	5108.74	4999.38	(109.36)	(2.14)
Inventories	18576.28	18420.22	(156.06)	(0.84)
Trade receivable	4064.21	5572.91	1508.7	37.12
Cash and cash equivalents	33.67	1194.11	1160.44	3446.51
Short term loans and advances	163.21	89.34	(73.87)	(45.26)
Other current asset	4976.21	6597.75	1621.54	32.585
Total	78469.85	86807.22	8337.37	10.62

INTERPRETATION:

The common size balance sheet for the year 2017-18 shows a increase in the asset and the liability shows a increasing trend.

TABLE 5.12; COMPARATIVE STATEMENT ANALYSIS**Comparative balance sheet of KELTRON for the year 2018&2019**

Particulars	2018	2019	Inc/Dec	% of changes
<u>Equity and liabilities</u>				
Share capital	1017.30	1524.21	506.91	49.98
Reserves and surplus	22414.01	22424.01	3092.87	15.99
<u>Non- current liabilities</u>				
Long term borrowing	8830.78	8830.78	2552.63	40.65
Deferred tax liabilities	6539.19	6569.19	673.6	11.42
Other long term liabilities	4.46	4.46	(3.65)	(45.00)
Long term provision	70.22	77.22	(105.1)	(57.64)
<u>Current liabilities</u>				
Short term borrowing	10762.18	10762.18	(130.23)	(1.19)
Trade payable	15703.87	15703.87	3039.31	23.99
Other current liabilities	18403.05	18403.05	(1389.75)	(7.02)
Short term provision	2208.25	2508.25	99.75	4.14
Total	86807.22	86807.22	8337.37	10.62
<u>Assets</u>				
<u>Non- current asset</u>				
Fixed asset	41887.10	41957.10	4014.74	10.58
Non- current investment	6005.72	6105.72	295.86	5.09
Long term loans and advances	451.61	461.61	5.18	1.13
Other non- current asset	1400.08	1409.08	70.2	5.24
<u>Current asset</u>				
Current investment	4139.38	4999.38	(109.36)	(2.14)
Inventories	18120.22	18420.22	(156.06)	(0.84)
Trade receivable	5322.91	5572.91	1508.7	37.12
Cash and cash equivalents	1184.11	1194.11	1160.44	3446.51
Short term loans and advances	89.34	89.34	(73.87)	(45.26)
Other current asset	6497.75	6597.75	1621.54	32.585
Total	86807.22	86807.22	8337.37	10.62

INTERPRETATION:

The common size balance sheet for the year 2018-19 shows a increase in the asset and the liability shows a increasing trend.

TABLE 5.13; COMPARATIVE STATEMENT ANALYSIS**Comparative balance sheet of KELTRON for the year 2019 &2020**

Particulars	2019	2020	Inc/Dec	% of changes
<u>Equity and liabilities</u>				
Share capital	1524.21	1524.21	-----	-----
Reserves and surplus	22424.01	26650.61	4226.6	- 18.84
<u>Non- current liabilities</u>				
Long term borrowing	8830.78	11317.22	2486.44	
Deferred tax liabilities	6569.19	7164.75	595.56	28.15
Other long term liabilities	4.46	124.19	119.73	9.06
Long term provision	77.22	55.30	(21.92)	2684.52 (28.38)
<u>Current liabilities</u>				
Short term borrowing	10762.18	13793.11	3030.93	
Trade payable	15703.87	18876.70	3172.83	28.16
Other current liabilities	18403.05	22072.88	3669.83	20.20
Short term provision	2508.25	2171.88	(336.37)	19.94 (13.41)
Total	86807.22	103750.85	16943.63	19.51
<u>Assets</u>				
<u>Non- current asset</u>				
Fixed asset	41957.10	50475.20	8518.1	20.30
Non- current investment	6105.72	6734.87	629.15	10.30
Long term loans and advances	461.61	1141.40	679.79	147.26
Other non- current asset	1409.08	2206.62	797.54	56.60
<u>Current asset</u>				
Current investment	4999.38	5083.76	84.38	1.68
Inventories	18420.22	20193.42	1773.2	9.62
Trade receivable	5572.91	5652.64	79.73	1.43
Cash and cash equivalents	1194.11	95.61	(1098.5)	(91.99)
Short term loans and advances	89.34	958.10	868.76	972.42
Other current asset	6597.75	11209.23	4611.48	69.894
Total	86807.22	103750.85	16943.63	19.51

INTERPRETATION:

The common size balance sheet for 2019-2020 shows that the asset and liabilities increased by a huge margin during the later year, and there are certain elements in the balance sheet that increased by a lot compared to the previous year.

CHAPTER 6
FINDINGS OF THE STUDY

FINDINGS OF THE STUDY:

- It is found that the current asset remain less than current Liabilities in the last three years of the study. It shows that liquidity position of KELTRON is not satisfactory.
- KELTRON cannot bring its liquid ratio up to a reasonable level in the period of 2015 to 2020. And not be able to meet its short term obligations.
- In KELTRON liquidity ratio is fluctuating over these years and the ratio are less than the recommended level. It means the company fails to manage day to day cash management progression.
- The debt equity ratio shows favourable solvency position for the study period.
- The fixed asset ratios are very much close to one , hence we can conclude that company does not need to use creditors fund for acquiring fixed asset.
- The fluctuation in fixed asset turnover ratio indicates the need of better utilization of fixed asset.
- Capital turnover ratio also fluctuating and shows the firms is maintaining the better utilization of own funds.
- KELTRON shows a declining in gross profit ratio from 2015 -2016 but shows an increased trend from 2016 to 2020
- The net profitability of the firm follows an increasing trend. But in the year 2020 it slightly decreased.

CHAPTER 7
CONCLUSIONS

CONCLUSION:

The study aims to evaluate the financial performance of KELTRON by using analysis tools. Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. A financial statement is an organized collection of data according to logical and consist accounting procedures. An analysis of financial performance shows that the company's ability to meet its current obligation is not satisfactory. Meanwhile the management of company should focus on profitability. In the case of profitability ratio researcher found a high fluctuations. Data such as balance sheet and profit and loss account were collected from Money Control website and all the other information from different online sources and books. The various tools used for the analysis are ratio analysis, trend analysis, correlation analysis and common size statement analysis and DuPont analysis. This study comes to the conclusion that, the company has to increase efficiency in maximum utilization of its resources effectively.

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ANNEXURES

TABLE NO 6.1 SHOWING BALANCE SHEET OF THE FIRM;

BALANCE SHEET OF KELTRON	2015-2016 (in lakhs)	2016-2017 (in lakhs)	2017-2018 (in lakhs)	2018-2019 (in lakhs)	2019-2020 (in lakhs)
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	339.01	339.01	1016.27	1524.21	1524.21
Reserve and surplus	15683.08	18017.09	19331.14	22424.01	26650.21
TOTAL SHAREHOLDERS FUND	16022.09	18356.1	20347.41	23948.22	28195.21
NON-CURRENT LIABILITIES					
Long Term Borrowings	14855.83	10633.48	6278.15	8830.78	11317.22
Long term provision	581.47	431.27	182.32	77.22	55.30
Deferred tax liabilities	4103.60	4810.46	5895.59	6569.19	7164.75
Other long term liabilities	8292.35	9450.58	8.11	4.46	124.19
TOTAL NON-CURRENT LIABILITIES	27833.25	25325.79	12364.17	15481.65	18661.46
CURRENT LIABILITIES					
Short Term Borrowings	2199.81	3888.54	10892.41	10762.18	13793.11
Trade Payables	8935.65	6587.54	12664.56	15703.87	18876.70
Other financial Liabilities					
Short Term Provisions	2397.52	1725.52	2408.50	2508.25	2171.88
Current tax liability					
Other current liabilities	10162.32	14587.91	19792.80	18403.05	22072.88

TOTAL CURRENT LIABILITIES	23695.3	26789.51	45758.27	47377.35	56914.57
TOTAL CAPITAL AND LIABILITIES	67550.64	70471.4	78469.85	86807.22	103771.24
NON CURRENT ASSETS					
Fixed asset	32537.23	35322.71	37942.36	41957.10	50475.20
Biological Assets	-	-	-	-	-
Capital Work-In-Progress	-	-	-	-	-
Other Financial asset	-	-	-	-	-
Non-Current Investments	5867.52	6000.06	5809.86	6105.72	6734.87
Deferred Tax Assets [Net]	-	-	-	-	-
Long Term Loans and advances	1429.86	1573.40	456.43	461.61	1141.40
Other Non-Current Assets	116.55	86.03	1338.88	1409.08	2206.62
TOTAL NON-CURRENT ASSETS	39951.16	42982.2	45547.53	49933.51	60558.09
CURRENT ASSETS					
Current Investments	5373.96	4994.64	5108.74	4999.38	5083.76
Inventories	12972.26	12709.12	18576.28	18420.22	20193.42
Trade Receivables	3603.5	4192.66	4064.21	5572.91	5652.64
Cash and Cash Equivalents	17.07	19.69	33.67	1194.11	95.61
Short Term Loans	5306.52	5295.52	163.21	89.34	958.10
Other financial asset	-	-	-	-	-
Bank balance	-	-	-	-	-
Asset held for sales	-	-	-	-	-

Other Current Assets	326.62	277.12	4976.21	6597.75	11209.23
TOTAL CURRENT ASSETS	27599.93	27488.75	32922.32	36873.71	43192.76
TOTAL ASSETS	67551.09	70470.95	78469.85	86807.22	103750.85

