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FINANCIAL PERFORMANCE PANASONIC PRIVATE LIMITED

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Abstract

The study entitled the financial performance analysis a Panasonic Private Limited. The objective of this study is to compare the current financial performance with five years (2014-2019 and to study the existing financial position of Company. The data used in this study is secondary data through annual report. The data that used in this study, comparative balance sheet and ratio analysis that the current liabilities is higher than the current asset in every year and it is to be suggest that the company can concentrate on their increasing the level of the current asset. So, the company improves this financial position. The study of financial performance on The Company has revealed the great deal of their various financial aspects for five years. The comparative analysis unlocks the overall performance methodology

Keywords: Financial performance, Panasonic,

INTRODUCTION

Finance is a field that deals with the study of investments. It includes the dynamics of assets and liabilities over time under conditions of different degrees of uncertainty and risk. Finance can also be defined as the science of money management.

Finance can be defined as the management of flows of money through an organization, whether it be a corporation, school, bank, or government agency - JOHN J. HAMPTON

Accounting process involves recording classifying and summarizing various businesses transaction. The day-to-day transactions of a business are recorded in different subsidiary books. These transactions are posted into various ledger accounts and the balances are taken out at the end of the financial period. The aims of the maintaining various records into determine profitability of the enterprises from operations of the business and find out its financial.

Statement of the problem:

The objective is to evaluate financial healthiness of Panasonic India Limited the performance of an organization should be analysed by using various important techniques used in analysing the financial statements which is based on various cash basis. An organization performance may be affected due to effect on profitability less efficiency or it may be form risk and return on equity is the vital financial tool where it plays a key role in identifying all kinds of above-mentioned reasons which effects on financial performance of an organization and the proper measures could be taken to solve the financial hindrances and the financial concert can be improved hence the relevance of this study is taken

Objective of study:

- To study the short-term solvency position of the company
- To study the profitability position of the company
- To offer valuable suggestions for the improvement of the financial position of the company.

Scope of the study:

The scope of the study covers the operational jurisdiction of Panasonic India Limited. The study covers the overall financial performance of the organization, and the study is confined only to financial and accounts department of the organization the study has been focused on profitability condition efficiency and effectiveness of the company and the study has been focused on profitability condition efficiency and effectiveness of the company and the study is restricted for last 5 years (2014 - 2019).

Research Methodology:

Research can be defined as "A scientific and systematic search for pertinent information on a specific topic" therefore research understood as an organized activity with specific objectives on a problem or issues supported complication of related data and facts involving applications of relevant tools and deriving logically on originality.

- This study has covered 5 years from 2014 – 2015
- This study is mainly based on the secondary data obtained from the annual reports of the company containing the balance sheet and profit/loss account.
- Comparative Balance sheet
- Ratio analysis

Limitations of study

- Most of the study is based on the secondary data such a case; the study carries all the limitations inherent with the secondary data and financial information
- The analysis made with the help of secondary data collected from the company. · Stated tools used in the study for analysis is subjected to inherent limitations. · All the limitations of ratio analysis and comparative statement are applicable to this study
- The FIVE years' period of study is too limited. So, a deep and elaborate study could not to be materialized.

REVIEW OF LITERATURE

1. **Shergill G. S et.al (2000)** examined **the market structure and financial control.** They found that there was a negative relationship between concentration to profitability, profitability to capital intensity due to ideal capital and a positive relationship observed between risk and profitability due to efficient management, an ideal management seeks to achieve high profitability with low variation of earning.

2. **MD Shah Alam (2001) analysed the cost and profitability of a public sector paper mill**. The study suggests that the monthly variance of material used, labour costs and overhead expenditure should be prepared to control cost and improve profitability.

3. **Mr. Anil Kumar (2000) in his study on "Financial Performance of Hindustan Motors Limited, Cochin ''**, in his study found that the sales of the company were showing an upward trend which reflected a growth in its profit. The tools used by him were ratio analysis, the company's financial position is favourable.

4. **Karthikeyan (2000) "Financial performance of selected automobile companies, an analytical Study"** tried to identify the relationship between the financial performance variables and to develop simple financial forecasting performance variables are analysed to forecast the financial performance a simple cross-section regression analysis was made. The financial analysis variables considered were net sales, total assets, Gross profit, Profit before tax, Dividend, retained earnings, Cash flows and Net worth. He concluded that the sales have been consistent in all the four years of study. Total assets have also been consistent in four years under the study.

5. **Sahu (2002) "A simplified model for liquidity analysis of paper companies"** in his analysis identified the effectiveness of Liquidity Management with usefulness and developed a simple model for current and quick ratios of 12 Indian paper companies for the period of 1989– 1990 to 1996 – 1997. This study revealed the effective management of liquidity in the paper companies.

PROFILE OF THE COMPANY

Panasonic India Pvt Ltd. manufactures consumer electronics and home appliances. The company offers consumer products, including televisions, mobile phones, cameras and camcorders, audio/video products, home appliances, beauty care products, and other products; and business products, such as communication products, laser multi-functional printers, projectors, professional display panels, security systems, broadcast products, electronic whiteboard products, and Tough book products. It serves customers through a network of dealers in India, as well as online. The company was incorporated in 2006 and is based in Gurgaon, India. Panasonic India Pvt Ltd. operates as a subsidiary of Panasonic Corporation.

Panasonic has recently been designated India as regional hub to drive growth and build deeper inroads into the fast emerging Asiatic, Middle Eastern and Western economies. Starting from India, the company wants to create a knowhow to address consumers who are based out of India and then take the knowledge to emerging markets. Panasonic will aggressively and strategically invest in market research and product innovation and will recruit/bring the best of global talent using its in-house open application system and work in areas like energy, water, remote access, and food

Company Name	PANASONIC INDIA PRIVATE LIMITED
Company status	Active
RoC	Delhi
Registration Number	64080
Company Category	Company limited by Shares
Class of Company	Private
Date of Incorporation	14 July 2006
Age of Company	15 years

DATA ANALYSIS AND INTERPRETATION

Current Ratio:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Table -4.1
Current Ratio

year	current assets	current liabilities	in times
2014-2015	40.81	38.75	1.05
2015-2016	45.67	45.18	1.01
2016-2017	36.32	35.20	1.03
2017-2018	35.12	25.31	1.38
2018-2019	46.26	33.04	1.40

Interpretation

The standard norm of current is 2:1. The current ratio of the firm is less than the standard norms ratio throughout the study period. It is less than the standard norms. The current ratio maximum is 1.40 in the year 2018-2019 and the minimum current ratio is 1.01 in the year 2015- 2016. The company needs to improve its current ratio by investing more in current assets. Increasing in current liability is not benefit for the company

The current ratio of Panasonic private limited has been increased to 1.40 times (2018-2019) and it has been decreased to 1.01 times (2015-2016) during the study period.

Liquid Ratio:

$$\text{Liquid ratio} = \frac{\text{Quick/liquid asset}}{\text{Current liabilities}}$$

Table -4.2

Year	liquid assets	current liabilities	in times
2014-2015	22.05	38.75	0.56
2015-2016	29.82	45.18	0.66
2016-2017	21.82	35.20	0.61
2017-2018	19.59	25.31	0.77
2018-2019	25.76	33.04	0.779

Liquid Ratio

Interpretation:

The standard norm of liquid ratio is 1:1. The liquid ratio of the firm is not satisfactory throughout the study period. It is less than the standard. The liquid ratio maximum is 0.779 in the year 2018-2019 and the minimum liquid ratio is 0.56 in the year 2014-2015. The company has to improve its liquidity position. The company should decrease its current liability and should focus in raising cash

The liquid ratio of the company has been increased to 0.779 times (2018-2019) and the company's liquid ratio has been decreased to 0.56 times (2014-2015) during the study period.

Absolute Liquid Ratio:

$$\text{Absolute liquid ratio} = \frac{\text{Absolute liquid asset}}{\text{Current liabilities}}$$

Table -4.3
Absolute Liquid Ratio

year	absolute liquid assets	current liabilities	in times
2014-2015	0.85	38.75	0.02
2015-2016	0.17	45.18	0.003
2016-2017	0.22	35.20	0.006
2017-2018	0.22	25.31	0.008
2018-2019	0.19	33.64	0.005

Interpretation:

The standard norm of absolute liquid ratio is 0.50:1. The absolute liquid ratio of the firm is not satisfactory throughout the study period. It is less than the standard. The absolute liquid ratio maximum is 0.02 in the year 2014-2015 and the minimum absolute liquid ratio 0.008 in the year 2017-2018. The company has to improve their cash liquidity. Its not benefit for the company

The absolute liquid ratio of the company has been increased to 0.02 times (2014-2015) and it has been decreased to 0.008 times (2017-2018) during the study period.

Gross Profit Ratio:

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}} *100$$

Table -4.4
Gross Profit Ratio

Year	Gross Profit	Net Sales	Percentage
2014-2015	7.59	186.38	4.07
2015-2016	-5.87	179.59	-3.26
2016-2017	-4.56	147.56	-3.09
2017-2018	3.79	157.34	2.40
2018-2019	6.84	188.55	3.62

Interpretation:

The gross profit of the firm has been fluctuating from 2014-2015 to 2018-2019 and after that there is an increasing trend in the gross profit ratio. The maximum ratio of gross profit is 4.07 in the year 2014-2015 and the minimum ratio of gross profit is -3.09 in the year 2016- 2017. Increase in gross profit and net sales is good for the company

The gross profit ratio of the company has been increased to 4.07% (2014-2015) and it has been decreased to -3.09 % (2016-2017) during the study period

Operating Profit Ratio:

$$\text{Operating profit ratio} = \frac{\text{Operating profit}}{\text{Net sales}} * 100$$

Table -4.5
Operating Profit Ratio

Year	Operating Profit	Net Sales	In %
2014-2015	7.09	186.38	3.80
2015-2016	6.30	179.59	3.50
2016-2017	5.19	147.56	3.51
2017-2018	3.12	157.34	1.98
2018-2019	6.22	188.55	3.29

Interpretation:

From the above table it is evident that the operating profit ratio has been fluctuating from 2014-2015 to 2018-2019. The maximum ratio of operating profit is 3.80 in the year 2014- 2015 and the minimum ratio of operating profit is 1.98 in the year 2017-2018. The company has to make efficient management on operating expenses. Increase in operating profit ratio is not benefit for the company

The operating profit ratio of the company has been increased to 3.80 % (2014-2015) and it has been decreased to 1.98 % (2017-2018) during the study period

Net Profit Ratio:

$$\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Net sales}} * 100$$

Table - 4.6

Net Profit Ratio

Year	Net Profit	Net Sales	In %
2014-2015	1.79	186.38	0.96
2015-2016	-12.77	179.59	-7.11
2016-2017	-11.43	147.56	-7.74
2017-2018	-3.43	157.34	-2.17
2018-2019	0.41	188.55	0.07

Interpretation:

From the above table it is evident that the net profit ratio has been fluctuating from 2014-2015 to 2018-2019. The maximum ratio of net profit is 0.96 in the year 2014-2015 and the minimum ratio of net profit is -2.17 in the year 2017-2018. The company needs to increase its revenue. Decreasing in net profit is not benefit for the company

The net profit ratio of the company has been increased to 0.96 % (2014-2015) and it has been decreased to -2.17 % (2017-2018) during the study period.

FINDINGS, SUGGESTIONS & CONCLUSION

Findings

- The **current ratio** of Panasonic India limited has been increased to **1.40 times (2018- 2019)** and it has been decreased to **1.01 times (2015-2016)** during the study period.
- The **liquid ratio** of the company has been increased to **0.779 times (2018-2019)** and the company's liquid ratio has been decreased to **0.56 times (2014-2015)** during the study period.
- The **absolute liquid ratio** of the company has been increased to **0.02 times (2014- 2015)** and it has been decreased to **0.008 times (2017-2018)** during the study period.
- The **gross profit ratio** of the company has been increased to **4.07% (2014-2015)** and it has been decreased to **-3.09 % (2016-2017)** during the study period
- The **operating profit ratio** of the company has been increased to **3.80 % (2014-2015)** and it has been decreased to **1.98 % (2017-2018)** during the study period.
- The **net profit ratio** of the company has been increased to **0.96 % (2014-2015)** and it has been decreased to **-2.17 % (2017-2018)** during the study period.

Suggestions

- It is suggested to PANASONIC INDIA LIMITED can make a new project with their reserves and surplus.
- Financial performance becomes an essential tool of the management for controlling cost and maximizing profit.
- In order to improve the solvency position of the company it should concentrate more on internal equities rather than external equities.
- The company should also indent by the various financial position.
- The firm should take favourable action to improve the profitability.
- The company has to maintain good relationship with regular customer.

Conclusion

The present study "FINANCIAL PERFORMANCE" of PANASONIC PRIVATE LIMITED, for the period of five years from 2014 - 2019, the study reveals that the financial performance in general is satisfactory. Every business concern wants to know the various financial aspects of effective decision making. The preparation of financial statement is required in order to give the objective of the firm as a whole. Financial performance becomes an essential tool of the management for controlling cost and maximizing profit. The company wants to improve the present operation condition necessarily

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