



A STUDY ON FINANCIAL STATEMENTS ANALYSIS OF ASHOK LEYDLAND

¹M Bismi and ²Dr. R Thamilselvan

¹Student, School of Business Administration

²Associate Professor, School of Business Administration,
Sathyabama Institute of Science and Technology, Chennai 600119, Tamil Nadu, India

Abstract: The project titled A study on Financial statement analysis conducted in Ashok Leyland is to analysis the financial position of the company. The project is pertained to the company data available for thought past five years. The conclusions are drawn from the analysis done with the ratios, comparative, common size study. The study thought elucidates the financial position of the company with respect to the past five years. It helps the company to place itself among various other competitive companies.

Index Terms – Profitability, Net Profit, Gross Profit, Ratio, Financial

I. INTRODUCTION

Financial statements are primarily prepared for decision-making. They play a dominant Role in setting the framework of managerial decision. The published financial statements Of business may be of considerable interest to present the same to their respective Potential shareholders, managers, moneylenders, banks, financial institutions, trade Organization and many others.

II. REVIEW OF LITERATURE

Raj S. Dhankar (1998)⁷Has given a new look at criteria of Performance measurement For business is a enterprises in India-a study of public Sector undertakings. The author Gives a new model for measuring the Performance of a business enterprise in India, Wherein, though basis is to compare Its actual rate of return with its expected risk adjusted rate of return. Realizing importance and controversy of public sector in India, a Adjusted rate of return. Realizing importance and controversy of public sector in India, a Attempt was made To measure the performance of all public sector undertakings, which Were Started up to 1964 and were in operation until 1983. It is shocking to know That Half of them on an average want to the talk of making excess returns, have Not been Able to earn equal to their cost of capital.

Key Sengupta (1998)⁸Studied the performance of the fertilizers Industry in India. Analysis of cost functions and cobb- douglas production Function have been made to Study the performance of the industry, the results Of which reveal that the industry is Subject to the law of increasing costs. The Findings get further support from the Examination of the production function, Which reveals that the average productivity of Exceeds its marginal Productivity. Analysis of shifting cost functions further highlight that The Firms belonging to this a industry expand capacities, even before fully Exploiting the Existing capacity conforming to oligopolistic behavioral Tendency of though firms Belonging to the fertilizers industry.**Raghunathan and Prabina Das (1999)**⁹Have made a Study of the Corporate performance of post-Liberalization. In this study, the analyzed The Performance of a Indian Manufacturing sector in the last 8 years since Liberalization on the parameters of profitability, liquidity, leverage and level.

Brigham and Houston, 2000However the picture changes when uncertainty (i.e. Uncertain growth) is introduced (Larger amounts of cash, securities, accounts Receivables, marketable securities, inventories, and fixed assets will be needed to Support increased sales Required levels will be based on expected sales levels and Expected order lead times. Additional holdings may be needed to enable though firm to Deal with departures from the expected values. Further, firms will also attempt to Increase their accounts payable balances as means of financing increased levels of Current operating assets. Firms which are in high growth stages will face though Challenge of maintaining the necessary level of the operating assets to support Subsequent growth, while at the same time attempting to maintain adequate Performance indicators.

Lyroudi & Lazaridis, 2006 use food industry Greek to the examined the cash Conversion cycle as a liquidity indicator of though firms and tries to determine its relationship with the current and the quick ratios, with its component variables, and investigates the implications in terms of profitability, in and firm size. The results of their study indicate that there is a significant positive relationship between though cash conversion cycle and the traditional of the current and quick ratios. The cash conversion cycle also positively related to return on assets and the net profit margin but had no linear relationship with the leverage ratios. Conversely, the current and quick ratios had negative relationship with the debt to equity ratio, and a positive one with the times interest earned ratio. Finally, there is no difference between the liquidity ratios of large and small firms.

III. OBJECTIVE OF THE STUDY

Primary Objective

1. To find the profitability Ratio of the company for the five years

Secondary Objective

1. To find the Gross Profit Ratio of the Company.
2. To find the Net Profit Ratio of the Company for Five Years.
3. To estimate the Operating Profit Ratio of the Company.
4. To estimate the Return on Capital of the Company.

IV. RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of study how research is done scientifically.

Research design

The proposed study is of DESCRIPTIVE IN NATURE. Research design is needed because it facilitates the smooth sailing of the various research operations, there by making research as efficient as possible.

Date collection

The Secondary have been collected from company annual report, journal, Magazine, and website. Period of Study : 2015-2016 to 2019-2020

VI. TOOLS USED FOR STUDY

- Gross Profit Ratio
- Net profit Ratio
- Operating Profit Ratio
- Return on capital

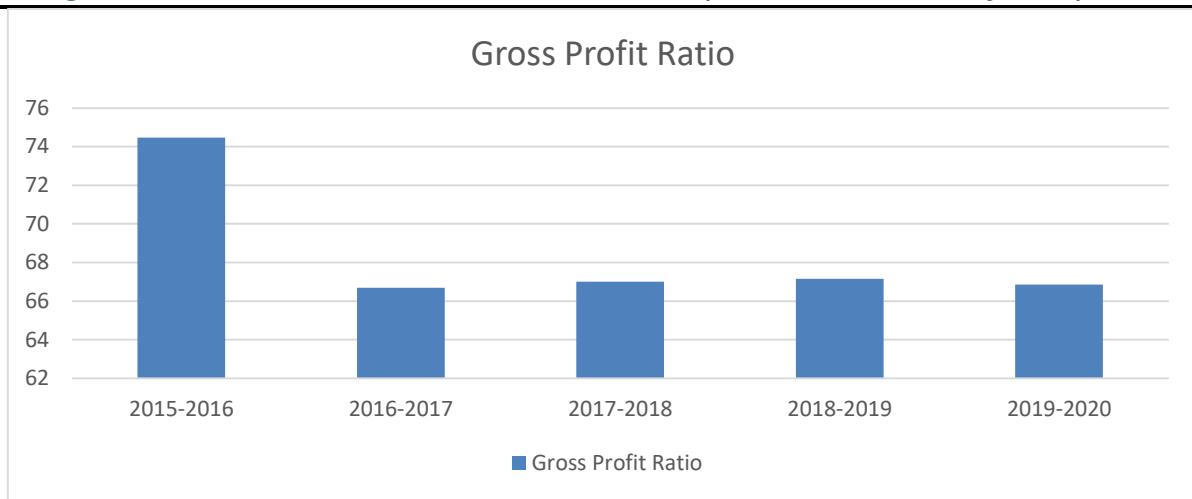
V. DATA ANALYSIS AND INTERPRETATION

1. GROSS PROFIT RATIO (in lacks)

Year	Gross profit	Net sales	Gross profit ratio %
2015-2016	6156.42	8235.32	74.46
2016-2017	6231.12	9342.15	66.69
2017-2018	6312.31	9421.02	67.00
2018-2019	6402.07	9532.07	67.16
2019-2020	6514.42	9742.52	66.86

INTERPRETATION

The ratio indicates the efficiency of production or trading operations. In 2014 the gross profit margin was 74.46%. In 2015 and 2016, the gross profit margin was 66.69% and 0.34 used.

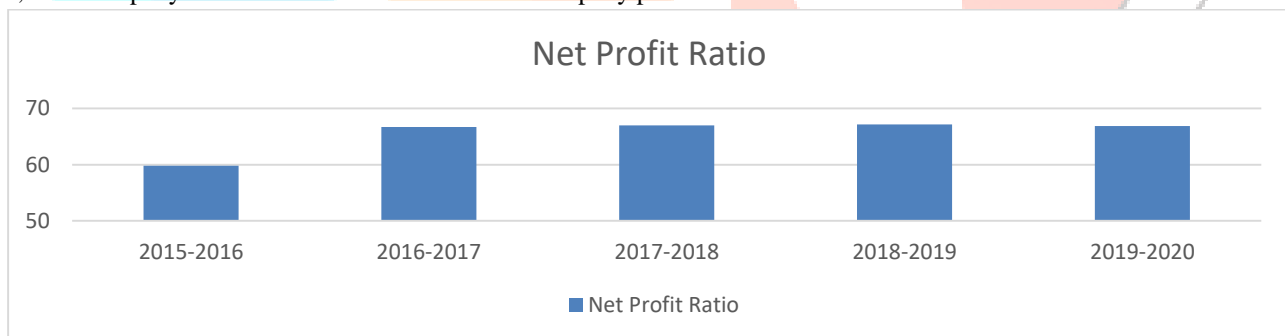


2. NET PROFIT RATIO (in lacks)

Year	Net profit	Net sales	Net profit ratio %
2015-2016	4925.136	8235.32	59.80
2016-2017	6231.12	9342.15	66.69
2017-2018	6312.31	9421.02	67.00
2018-2019	6402.07	9532.07	67.16
2019-2020	6514.42	9742.52	66.86

INTERPRETATION

In 2016, the company having 59.80% of net profit. In 2017 and 2018, the company having 66.69% and 67.00% of Net Profit. In 2017, The Company Profit Decrease in 2019 and the company profit increase in 2020.

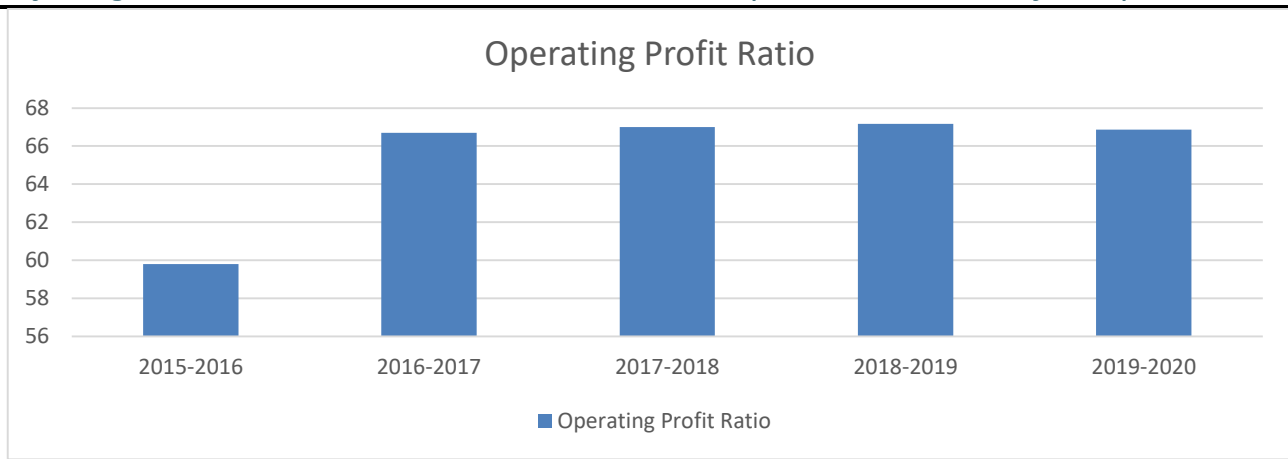


3. OPERATING PROFIT RATIO (in lacks)

Year	Operating expenses	Net sales	Operating profit ratio %
2015-2016	4925.136	8235.32	59.80
2016-2017	6231.12	9342.15	66.69
2017-2018	6312.31	9421.02	67.00
2018-2019	6402.07	9532.07	67.16
2019-2020	6514.42	9742.52	66.86

INTERPRETATION

In 2016 the company having 59.80% of operating profit. In 2017 and 2018, the company having 66.69% and 67.00% of operating profit. In 2017, the company profit increase in 2019 and the company profit decrease in 2020.

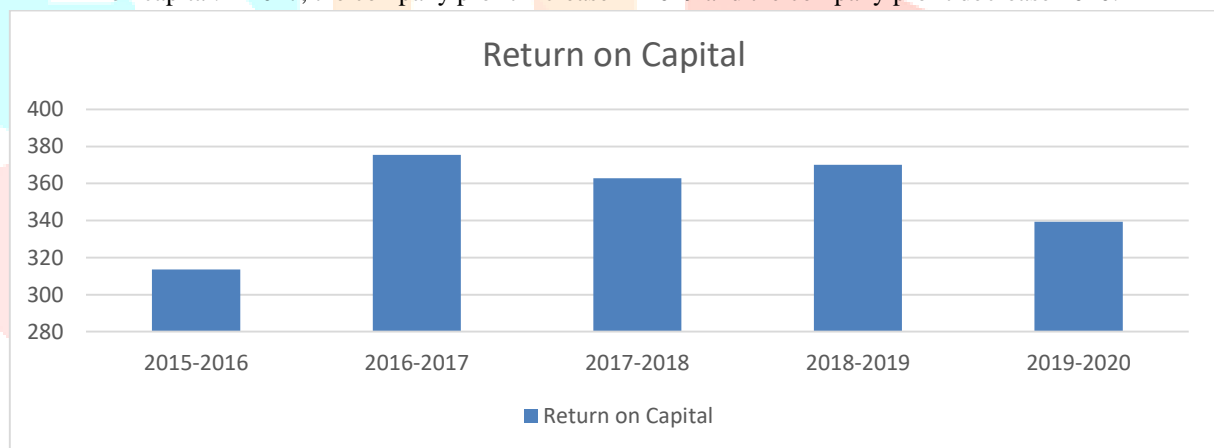


4. RETURN ON CAPITAL (in lacks)

Year	Net profit	Capital employed	Return on capital%
2015-2016	4925.136	1570.32	313.64
2016-2017	6231.12	1659.48	375.48
2017-2018	6312.31	1739.48	362.88
2018-2019	6402.07	1729.86	370.09
2019-2020	6514.42	1919.51	339.37

INTERPRETATION

In 2016 the company having 244.15 of return on capital. On profit 2017 and 2018, the company having 375.48 and 362.88 return on capital. In 2017, the company profit increase in 2019 and the company profit decrease 2020.



VII. FINDINGS, SUGGESTION AND CONCLUSION

FINDINGS & SUGGESTION

1. The year 2020 gross profit ratio, net profit ratio and Operation profit ratio has Decrease to 66.86 when compared to the previous year 2019 with 67.16
2. The year 2020 return on capital ratio has decrease to 339.37 when compared to The previous year with 370.09.
3. The Return on equity has been increased in the year 2020. But there is a Fluctuation in the ratio, the company should take proper steps should be made to Reduce this fluctuations.

CONCLUSION

The efficient and smooth functioning of all the activities of the company depends Upon the financial performance of the company. The financial performance analysis Thus is a forward-looking exercise as it is helpful in future financial planning decision Making. It determine to analysis forecasting future financial position. Through Financial statement analysis, the present position and operating efficiency of the firm As a whole and its different departments can be identified. Further, the reasons for Change in the profitability financial position of the firm can be found and necessary Measures can be taken.

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