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A STUDY ON PERFORMANCE OF FINANCIAL ANALYSIS IN SSFSI (P) LIMITED

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ABSTRACT

In this project we are looking at the Financial Performance Analysis in a logistics sector. Balance sheet review of the last five years along with the changes in the component wise analysis of Current Asset and Current Liabilities to identify the causes of changes, with trend analysis and comparative Balance sheet for a term of five years covering a case study of a company to establish" The story of revival of a sick company". In the words of Myers, "Financial Performance Analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and a study of the trends of these factors as shown in a series of statements."

INTRODUCTION

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

OBJECTIVE OF THE STUDY

- To Study and Ascertain Financial Performance of SSFSI
- To find the current position of asset and liabilities of SSFSI
- To study the financial performance and efficiency of the SSFSI
- To examine the financial efficiency of the SSFSI

REVIEW OF LITERATURE

Chandra, Cooper, Li and Rahman (1998)

Chandra, Cooper, Li and Rahman (1998) carried out a financial performance analysis of 29 logistics companies operating in Canada in 1994 by DEA method. They used CCR as DEA model in their studies. They concluded that a total of 8 companies are effective. It was suggested that ineffective companies need to make serious improvements in their firm structure, strategies and capacity plans in order to operate effectively.

Minwir Al-Shammari (1999)

Minwir Al-Shammari (1999) measured the efficiency of 55 companies in the manufacturing industry operating in the Amman Finance Exchange in Jordan in 1995. In the study, output direction BCC model was used. As a result, the number of effective firms was found to be 12, and the average efficiency score of these firms was 54.7%.

RESEARCH DESIGN

DESCRIPTIVE STUDY

The Research design used in this is descriptive research design. Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject without influencing it in any way. The main characteristic of this method is that the researcher has no control of variables; he can report only what has happened or what is happening.

SOURCE OF DATA

SECONDARY DATA

Secondary data means data that are already available i.e., they refer to data which has already been collected and analysed by someone else. The secondary data for the study was collected from company staffs, company websites, online and other sources.

ANAYTICAL TOOLS

- Ratio analysis
- Trend analysis

RATIO ANALYSIS

Ratio analysis is a quantitative procedure of obtaining a look into a firm's functional efficiency, liquidity, revenues, and profitability by analysing its financial records and statements. Ratio analysis is a very important factor that will help in doing an analysis of the fundamentals of equity.

TYPES OF RATIO

- Profitability ratio
- Turnover ratio
- Solvency ratio
- Liquidity ratio
- Coverage ratio

TREND ANALYSIS

One method of examining many financial statements over a period of years is trend analysis. The trend percentages in this analysis are determined for each item by using that item's value for the base year, which is 100.

DATA ANALYSIS AND INTERPRITAION

RATIO ANALYSIS

NET PROFIT RATIO

Year	Net Profit	Net Sales	Ratio [%]
2018-19	91.92	2098.32	4.33
2019-20	90.11	2106.11	4.27
2020-21	45.07	1752.48	2.56
2021-22	160.11	2378.61	6.72
2022-23	166.14	2627.82	6.31

INTERPRITATION

2022 – 2023 shows highest net profit ratio compared to 2019 this is because, through selling more goods or services or by **increasing** prices. company increased their net margin by reducing cost.

CURRENT RATIO

Year	Current asset	Current liability	Ratio [%]
2018-19	171.67	123.88	1.39
2019-20	181.54	252.89	0.71
2020-21	176.21	258.57	0.68
2021-22	171.08	265.18	0.64
2022-23	306.15	278.87	0.90

INTERPRITATION

Year 2026 indicates business can pay debts due within one year out of the current assets. Year 2019 shows low current ratio of 0.71 this indicates that the business is not well placed to pay its debts. A decline in this ratio can be attributable to an increase in short-term debt, a decrease in current assets, or a combination of both.

GROSS PROFIT

Year	Gross Profit	Net Sales	Ratio [%]
2018-19	202.52	2662.87	7.6
2019-20	209.89	2410.47	8.7
2020-21	63.74	1775.79	3.58
2021-22	104.32	2128.86	4.9
2022-23	140.47	2117.47	6.63

INTERPRITATION

In my study for the year 2019 - 2020 shows very higher gross profit margin indicates that a company can make a reasonable profit on sales.

TREND ANALYSIS

	------------------ in Rs. Cr. ------------------				
	2023	2022	2021	2020	2019

EQUITIES AND LIABILITIES					
Equity Share Capital	97.78	97.78	97.78	100	100
Reserves and Surplus	159.74	101.38	91.57	94.76	100
NON-CURRENT LIABILITIES					
Long Term Borrowings	103.83	78.75	38.19	91.93	100
Deferred Tax Liabilities [Net]	62.51	52.35	59.65	59.69	100
Other Long Term Liabilities	2967.42	2178.51	1654.12	1355.50	100
Long Term Provisions	170.86	177.00	125.91	126.45	100
CURRENT LIABILITIES					
Short Term Borrowings	262.390	226.90	234.75	258.26	100
Trade Payables	232.56	328.31	221.76	56.62	100
Other Current Liabilities	254.77	209.88	209.19	204.91	100
Short Term Provisions	152.60	142.28	125.25	134.16	100
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets	**203.64**	**151.73**	**128.62**	**133.21**	**100**
Non-Current Investments	83.33	83.33	83.33	100	100
Other Non-Current Assets	155.29	128.27	104.20	82.33	100
CURRENT ASSETS					
Current Investments	0	0	0	0	0
Inventories	177.14	153.89	132.58	98.22	100
Trade Receivables	102.71	84.57	80.39	107.67	100
Cash And Cash Equivalents	572.60	110.27	137.58	102.05	100
Other Current Assets	110	88.37	110.38	108.21	100

INTERPRTIATION

In my study trend percentage analysis table shows I'm taking 2019 is the base year and calculate to compare the other years to identify the asset & liabilities are increase (or) decrease. The trend percentage is changing from year to year.

FINDINGS

1. Gross profit margin percentage is increasing in 2020 is a reasonable sale on profit.
2. The current ratio is decreased in year 2022 ratio 0.64% when compared to year Of 2021 ratio 0.68% it indicates that company not well placed to pay debt.
3. 2021 is shows the increasing net profit ratio in 6.72% of selling more goods and services.

SUGGESTIONS

From the overall analysis of financial statements and component wise cost, the company is being looked from all the dimension and finally it can be concluded that economic health is sufficiently strong with huge cash reserve can enable the company for diversification and many other ventures is being processed apart from the main business of transportations. In analysing the financial performance of a logistics company, several key factors should be considered to provide comprehensive insights. Firstly, focusing on revenue streams such as freight charges, warehousing fees, and value-added services can offer a clear picture of the company's income sources. Examining trends in revenue growth over time and comparing them with industry benchmarks can highlight areas of strength or areas needing improvement.

CONCLUSION

To measure the efficiency of the Organization, go through the ratio analysis part, we will see that during the analysis of liquidity ratio there is positive growth from 2019 AND 2021 onwards. The liquidity position of the company is improving significantly and the terminal year has registered its growth positively and has established that current assets has exceeded over current liabilities. There is also immense reduction of the percentage of debt during the years, which is the company has low financial risk which is beneficiary to the shareholders. If we go through the profitability ratios, we will see that the company is making profit and its operating efficiency is sound. the performance of financial analysis within a logistics company serves as a cornerstone for strategic decision-making and operational efficiency.

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