

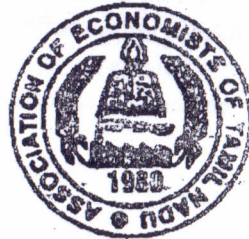
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**PENINSULAR
ECONOMIST**

Vol.XVII

2004 - 2005

No.1

**P.R. Brahmananda's Contribution
Trade in Services
Innovative Technology for Village Economy
Tiruchirappalli Region**



JOURNAL OF THE ASSOCIATION OF ECONOMISTS
OF TAMILNADU

Reg. No. 22/92

2004

The relation between financial target allotted for TAP and expenditure incurred is given in table 7. It shows that only during the year 1997 - 98 & 2001 to 2002 the difference exists between the amount allotted and amount spent. The rest of the study period shows that amount allotted and amount spent are same. The relationship between above said variables have been analysed with the help of correlation co-efficient techniques.

Testing of Hypotheses :

There is a positive & significant relation between the financial Target and its Achievement.

This hypothesis 2 has been tested with the help of correlation analysis. The obtained r value is 0.95 the relation between afforested area Targeted and its Achievement is confirmed as positive and significant.

Therefore, the hypothesis 2 has been proved and accepted.

The next task analysed in this study is a comparative analysis of the Afforestation Programme introduced by the G.O.T. & Trichirappalli district.

Conclusion :

The study shows that irrespective of efforts taken by the Government towards afforestation, 100% success is not at all received. Therefore this study concludes by saying that if afforestation awareness programme combined with adequate support facilities are granted it is not too far to reach the goal environmental balance and green environment.

**ANALYSIS OF FINANCIAL PERFORMANCE
OF TSRM LIMITED, TIRUCHIRAPPALLI**

Finance is the lifeblood of any business and without this, nothing will move in the business world. The successful function of a business depends on the performance of finance. Hence analysis on the financial performance of TSRM Limited has been attempted with the help of accounting ratios. Ratios are calculated from the accounting data contained in the financial statements.

Ratio analysis is one of the powerful techniques of financial analysis and it is used as a yardstick for evaluating the financial condition and performance of a firm. It gives a better understanding of the financial condition and performance of the firm. In order to measure the liquidity, efficiency, profitability and financial position of a company, the ratios may be classified as 1. Liquidity ratio, 2. Leverage ratio, 3. Activity ratio, 4. Profitability ratio and 5. Solvency ratio

1. Liquidity Ratio

Liquidity ratio indicates the liquidity position of the company. A company is deemed to be sound if it is in a position to carry on its business smoothly and to meet all its obligations both long-term as well as short-term loans without strain. The commonly used liquidity ratios are *current ratio and quick ratio*.

2. Leverage Ratio

The ratio that tests the long-term financial position of a company is called leverage ratio or capital structure ratio. Long - term creditors use this ratio to study the relationship among long term debts and share holders equity, employment of long term funds. Leverage ratio includes *debt-equity ratio and proprietary ratio*.

3. Activity Ratio

This ratio highlights the activity and operational efficiency. The funds of creditors and owners are invested in various kinds of assets to generate sales and profits. Activity ratio is also referred to as turnover ratio or asset management ratio. The activity ratio includes *inventory turnover ratio and working capital turnover ratio*.

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4. Profitability Ratio

Profit is an indication of the efficiency of business operations. A lower profitability arises due to the lack of control over the expenses. Profitability ratio can be determined on the basis of sales or investment. This ratio includes *gross profit ratio, net profit ratio, operating ratio and return on capital employed ratio.*

5. Analysis of Solvency

The term solvency refers to the ability of a concern to meet its long-term obligations. The long-term indebtedness of the firm includes debenture holders, financial institutions providing medium and long-term loans and other creditors selling goods. This ratio used to determine solvency of the concern consists of *a. Solvency Ratio, b. Fixed assets to long-term funds ratio, c. Fixed assets to net worth ratio, d. Ratio of current assets to proprietary fund, and e. Interest coverage ratio.*

Table 1 shows financial ratios of TSRM Ltd from 1992 - 93 to 2002 - 2003.

Liquidity Position. Current ratio showed a fluctuating upward trend during the study period. In 1992 - 93 it was 1.17, which increased to 1.93 in 2002 - 2003. Current ratio was very poor (less than one) during 1996 - 97, 1997 - 98, 1999 - 2000. It was less than the standard of 2:1. In the same way, the quick ratio was less than one throughout study period. Hence, the management of TSRM Ltd should take effective measures to improve the liquidity ratio. If remedial actions are not initiated, the liquidity position will worsen further in the future.

Leverage Position. The debt equity ratio of TSRM Ltd during the first half of study period (1992 - 93 to 1996 - 97) was less than 1.00. During the second half of study period (1997 - 98 to 2002 - 2003) it was more than one. According to norm (0.50), the actual proprietary ratio was satisfactory during 1992 - 93 and 1993-94 while the ratio for later period was not satisfactory. Hence the management has to take necessary steps to improve leverage ratio. Otherwise long-term solvency position will be affected. Further the expectations of lenders and equity investors cannot be fulfilled in the future.

Activity Ratios. The highest inventory ratio (42.45 times) was recorded during the period of 1999 - 2000. The lowest turnover ratio (7.35) was recorded in the year 2001 - 2002. This indicates that the sales were not satisfactory. The working capital turnover ratio declined from 21.99 to 10.37 during the study period. The low working capital ratio (5.51) of TSRM Ltd registered in 1998 - 99. The highest working capital turnover ratio (152.39) was recorded in 1995 - 96. It indicates that the TSRM Ltd has

effectively utilized the working capital during the period except for a few years.

Profitability Position. The gross profit ratio increased from 8.28 in 1992 - 93 to 23.54 in 2002 - 2003. The net profit ratio improved from Rs. - 6.53 in 1992 - 93 to 1.79 in 2002 - 2003. It clearly indicates that TSRM has improved its profit earning capacity over the years. The operating ratio ranged from 95.24 to 76.46 during the study period. This showed the efficiency of the management. However the management should take effective measures to control operating cost. The ROI of TSRM increased from -5.91 to 6.68 with wide fluctuations during the study period. This wide fluctuation in the ratio clearly indicates that TSRM Ltd. did not plan to earn steady returns. Therefore the management of TSRM Ltd through proper plan should ensure steady returns on capital employed.

Solvency Position. The actual solvency ratio of TSRM Ltd stood more than 1% during the years 1997 - 98, 1998 - 99 and 1999 - 2000. The solvency ratio was above the norms (0.50%) during the study period. Further, the actual fixed assets to long-term fund ratio stood at more than 1% during the study period. This showed that the long-term fund ratio stood at more than 1% during the study period. This showed that the long-term fund of TSRM Ltd was fully utilized towards investment of fixed assets. The portion of short term fund was also invested of fixed assets. The portion of short term fund was also invested in fixed assets in certain years and this should be strictly be avoided. The ratio of fixed assets to net worth decreased from 1.09 in 1992 - 93 to 0.89 in 2001 - 2002. The management of TSRM Ltd should take all possible steps to improve this during the study period. As a result of continuous loss incurred by TSRM from 1992 - 93 to 1998 - 99 the negative ratio of interest coverage was recorded. This affected the lenders / creditor. Hence the management of TSRM must take all steps to save interest of lenders / creditors.

Overall Financial Performance (Average Ratios). The liquidity position was not satisfactory during the period under study as actual average current ratio and quick ratio for 11 years were less than standard ratio. The debt equity ratio of TSRM Ltd was also below normal. It clearly indicates that the TSRM has failed to use cheaper fund of debt sufficiently during the study period. The gross profit ratio of TSRM Ltd was not sufficient enough to meet operating expenses. As a result of poor gross profit ratio, the net profit ratio was negative. The operating cost ratio was high which affected profitability of the firm. It is alarming that returns on capital employed received negative ratio during the study period. This indicates that investors of TSRM Ltd may not be safe. The average interest coverage ratio for 11

year was negative which also indicates lenders in trouble. In short the overall performance of TSRM was not satisfactory during the study period.

Conclusion

In the present era of intense competition, all industries including steel industry must be able to earn profit for its survival. The TSRM Ltd is no exception to this. The financial performance of TSRM Ltd was not satisfactory as it was responsible for its losses incurred during the study period. Under these circumstances, it is expected that the TSRM must take all steps to improve its financial performance.

Table - 1
Financial performance ratios of TSRM from 1992 - 93 to 2002 - 03

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Current ratio	1.17	1.27	0.95	1.02	0.96	0.72	0.54	0.76	1.17	1.25	1.93
Quick ratio	0.61	0.83	0.56	0.61	0.53	0.46	0.36	0.29	0.25	0.88	0.534
Debt equity ratio	0.45	0.46	0.71	0.69	0.78	1.14	1.19	1.06	0.90	1.18	1.01
Proprietary Ratio	0.56	0.57	0.49	0.48	0.37	0.40	0.43	0.30	0.31	0.28	0.50
Stock Turnover Ratio	12.13	14.41	27.13	21.69	20.13	20.67	35.72	42.45	10.53	7.35	8.77
Work capital Turnover Ratio	21.99	15.72	80.16	152.39	75.99	10.51	5.51	11.20	14.15	10.37	5.38
Gross profit Ratio	8.28	7.01	10.45	10.32	9.69	11.21	12.52	14.36	16.08	13.89	23.54

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Net profit Ratio	-6.53	-8.26	-4.21	0.05	-4.50	5.45	-3.91	2.04	1.78	2.48	1.79
Operating Ratio	93.29	94.17	94.26	93.53	94.22	95.24	94.03	87.63	85.54	86.10	90.41
Return on capital employed	-5.91	-7.87	-2.86	-7.27	-2.15	-1.71	-6.35	4.67	2.68	6.68	3.22
Solvency Ratio	0.65	0.65	0.96	0.94	1.04	1.23	1.02	0.98	0.75	0.73	0.91
Fixed asset Ratio	2.25	1.51	1.52	1.35	1.25	1.30	2.56	2.48	1.22	1.09	1.63
Fixed asset to net worth	1.09	1.08	1.08	1.06	1.24	1.30	1.28	1.44	0.94	0.89	1.09
Current asset to proprietors	0.67	0.67	0.93	1.01	1.45	1.18	0.09	1.79	2.29	2.60	1.28
Interest coverage ratio	-0.69	-0.72	-0.21	-0.04	-0.12	-1.08	-0.52	0.56	0.48	1.02	1.01

Source : Computed from the Annual reports of TSRM from 1992 - 93 to 2002 - 03.