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Tamilnadu-636121, India
Indexed by
Scribd impact Factor: 4.7317, Academia Impact Factor: 1.1610
ISSN NO (online) : Application No : 19702 RNI –Application No 2017103794

A Study on Profitability Analysis with Special Reference to Seshasayee Paper and Board ltd at Erode

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ABSTRACT

The Profitability analysis is very important to all kind of organization or the business. The companies also carefully maintain this Profitability analysis. The project having Seven year balance sheets information's. The research utilizes the "secondary data's". The secondary data's is the major sources of this project. The project has the details related to the title and also statistical data and charts that clearly explain the researchers view and also financial Profitability analysis.. All these research are based on balance sheets data. The SPB Company has seen both profit and losses through out its financial period these earn more profit and loss for various stages. This project finds the solution about the problems and helps to change or modify the problem area. This study focuses on company's Profitability analysis on these seven years. This study also analyzes the Profitability Analysis of the company. Tools of Profitability analysis have been used to analyze the Profitability analysis of the

company. This study also finds relationship between various components of the balance sheet. This study also gives importance to analyze the profitability of the business.

Keywords: Profitability information, change or modify, relationship

CHAPTER I

1. INTRODUCTION OF THE STUDY

Profitability analysis generally states the profitable conditions of the firm. The profitability analysis reviews the profits and declines of the company. Short term creditor will be interested in the current financial position of the firm, while a long term creditor will pay more attention to the solvency of the firm. The long term creditor will also be interested in the profitability of the firm. The equity share holders are generally concerned with their return and may bother about the firm's financial conditions only when their earnings are depressed. In fact, it has to be realized that the short and long term financial position and profitability of the firm are must in every kind of financial analysis. But the emphasis would differ.

AIMS OF PROFITABILITY FUNCTION:

The primary aim of finance function is to arrange as much funds for the business as are required from time to time. This function has the following aims.

Acquiring sufficient funds:

The main aim of finance is to access the financial needs of an enterprise and the finding out suitable sources for raising them.

Proper utilization of funds:

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Through rising of funds is important but their effective utilization is more importune. The funds should used in such a way that maximum benefit is derived from them.

Increasing Profitability:

The planning and control of finance function aims at increasing profitability of the concern. It is true that money generates money. To increase profitability sufficient funds will have to be invested.

Maximizing Firm's value:

Finance function also aims at maximizing the value of the firm. It is generally said that a concern's value is liked with its profitability.

CHAPTER – II

2.1. OBJECTIVES OF THE STUDY

- To study the profitability position of SPB Pvt. Ltd.
- To analyze the income & expenditure pattern and its impact on the total profits of the company.
- To evaluate the overall value of the firm.
- To find out the strengths and weakness of the company.
- To compare the past performance of the company with the present performance.

2.2 SCOPE OF THE STUDY

- The researcher had taken 7 years financial statement of the company.
- The findings and suggestions given in this study may not suitable for other organization.
- The company official statement to give detailed financial data of the company

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2.3. LIMITATIONS OF THE STUDY

- Profitability analysis of the organization is based entirely on the previous year's Balance sheet and Profit & Loss A/c statement.
- Researcher taken 7 years data for analysis. The 7 years data many give a clear picture about the overall performance.
- There is always a possibility of window dressing of financial statements.

Chapter- III

3.1 RESEARCH METHODOLOGY

Research Methodology is a systematic way to solve a research problem; It includes various steps that are generally adopted by a researcher in studying the problem along with the logic behind them. The present study was conducted at the head office of "Seshasayee paper and Board Limited Ltd.", Anna nagar, Erode. The study depends mainly on the secondary data namely the annual reports of the company. Five years annual reports had been collected from the company. Data had also been collected from text books, journals, newspapers, magazines and internet.

3.2. RESEARCH DESIGN

"A Research Design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure". In fact, the research design is the conceptual structure with in which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data, the research design utilized in this study is analytical research.

3.3. PERIOD OF STUDY

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The duration taken by the researcher for the data collection and analysis regarding the profitability analysis of SPB ERODE, Erode is three months. The data used are of last seven years from 2013-09.

3.4. METHOD OF COLLECTION

The study basically uses primary and secondary data. Primary data means data which is fresh collected data. Primary data mainly been collected through personal interviews, surveys etc. Secondary data means the data that are already available. Generally speaking secondary data is collected by some organizations or agencies which have already been processed vlhen the researcher utilizes secondary data; he/she has to look into various sources from where he can obtain them. The process of secondary data collection and analysis is called desk research. Secondary data provides economy in time and cost. It is easily available and unbiased. Secondary data mat either be published data or unpublished data.

3.5. SAMPLING TECHINIQUE

Analytical Research Design study is used. Usually for those research studies having the computation of problems or application of formulae for computations analytical research design technique is used.

3.6. TOOLS USED

- Ratio Analysis
- Comparative Income Statement Analysis
- Common size Statement

CHAPTER – IV

ANALYSIS AND INTERPRETATION

4.1 RATIO ANALYSIS

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Ratio is a relationship between two figures expressed mathematically. Profitability ratio provides numerical relation between two relevant financial data. Financial ratios are calculated from the Balance sheet and Profit & Loss A/c. The relationship can be either expressed as a percent on as a quotient. Ratios summarize the data for easy understanding, comparison and interpretation. The Ratio Analysis is the Profitability statement. It provides a yardstick to measure the relationships between the variable of figures. In work the Profitability analysis is necessary to know different angles. The term Ratio Analysis simply means one number expressed in terms of another. It describes in mathematical term as the quantitative relationship that exists between two numbers. Ration Analysis and interpretation of Profitability Statements through ratio. Nowadays it is used by all business and industrial concern in their profitability Analysis. Ratios are considered to be the best guide for different efficient execution of basis managerial functions like planning, forecasting & control.

Ratio Analysis is a powerful tool of Profitability Analysis. A ratio is defined as "the indicated quotient of two mathematical expression" and as "the relationship between two or more things". In financial Analysis ratio is used as used as a Benchmark for evaluating the financial performance of the firm. The absolute accounting figures reported in a financial statement do not provide a meaningful understating of the financial position of the firm; an accounting figure conveys meaning when it is related to some other relevant information.

A. PROFITABILITY RATIOS

a) Gross Profit Margin Ratio

The gross profit margins reflect the efficient with which management produces each unit of product.

Gross profit-sales

Gross profit margin = ------------------------------ x100

Sales

TABLE-1 SHOWING GROSS PROFIT MARGIN RATIO

Year	Gross profit	Sales	Gross margin
2009	7526.60	31440	23.93%
2010	9646.77	33200	29.10%
2011	10250.7	34420.13	29.78%
2012	8141.27	35429.81	22.97%
2013	10369	38195.21	27.14%
2014	11484.61	41784.28	27.48%
2015	13778.88	45642.20	30.62%

Source: SPB annual report

Inference : The above tables indicate the gross margin ratio for the year 2015 was 30%.

b) PAT TO EBIT RATIO

The ratio expresses the percentage relationship of profit after tax to earnings before interest tax.

PAT

PAT to EBIT RATIO = ----------------X100

EBIT

TABLE-2 SHOWING PAT TO EBIT RATIO

Year	PAT	EBIT	PAT TO EBIT RATIO
2009	980.13	2800.20	35.00%

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2010	1013.12	3200.30	31.49%
2011	1966.17	5565.34	35.32%
2012	658.44	2953.79	22.29%
2013	1791.30	4800.11	37.31%
2014	4140.17	6345.81	65.24%
2015	4579.03	8289.95	55.23%

Source: secondary data

Inference: The above table PAT to EBIT ratio shows a fluctuating trend and it has reached its maximum in the year 2014 at 65.24%.

c).CURRENT RATIO

Current ratio is the most common ratio for measuring liquidity. The current ratio is the ratio of total current assets to total current liabilities. Current ratio of affirm measures its term solvency i.e. ability to meet short term obligations.

$$\text{Current assets} = \frac{\text{Current assets}}{\text{Current liabilities}} \times 100$$

TABLE- 3 SHOWING CURRENT RATIO

Year	Current assets	Current liabilities	Current ratio
2009	10110.13	9200.20	1.10%
2010	11520.13	9500.00	1.21%
2011	17919.42	10991.59	1.44%
2012	17170.84	12229.66	1.41%

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2013	17250.9	12703.34	1.41%
2014	21512.29	14010.71	1.53%
2015	23534.64	16631.37	1.41%

Source: SPB annual report

INFERENC : Continuously for the seven years i.e. from 2015 the current ratio of the firm showed and increasing trend, later in 2014 to 2015 the current ratio got declined because of the increase in current liability.

d) SOLVENCY RATIO

Also known as dept ratio. So known generally refers to the capacity or ability of the business to meet its short term and long term liabilities.

$$\text{Solvency ratio} = \frac{\text{Total liabilities}}{\text{Total assets}} \times 100$$

TABLE - 4 SHOWING SOLVENCY RATIO

Year	Total liabilities	Total assets	solvency ratio
2009	23200.00	31826.10	72.91%
2010	24500.00	32500.00	75.38%
2011	25850.96	34881.65	75.18%
2012	21091.49	41049.73	50.78%
2013	31171.58	41100.42	74.62%
2014	43487.68	57596.02	75.50%
2015	56595.91	74811.8	75.65%

Source: SPB annual report

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INFERENCE: Here, solvency ratio shows an increasing trend. This shows the company's capacity or ability of the business to meet its short term & long term obligations. If total assets are far more then the external liability the company is treated as solvent.

e) RETURN ON INVESTMENT (BEFORE TAX)

The profitability of the firm is also measured in relation to investments. The term investment may refer to total assets, capital or the owner's equity.

$$\text{ROT (Before tax)} = \frac{\text{EBIT}}{\text{Net assets/capital employed}}$$

TABLE - 5 SHOWING ROI (BEFORE TAX)

Year	EBIT	NET ASSETS	RETURNON INVESTMENT RATIO
2009	2800.20	7540.80	37.13%
2010	3200.30	7920.73	40.40%
2011	5565.34	8530.69	36.95%
2012	2953.79	8958.24	12.95%
2013	4800.11	10928.84	26.10%
2014	6345.81	14113.34	97.10%
2015	8289.95	18210.89	33.22%

Source: SPB annual report

INFERENCE: The above table indicates the ROI shows the earning capacity of the company in the year 2014 is maximum.

f). ADMINISTRATIVE EXPENSES RATIO

It enables as to find out a how far as the concern is able to save or is making over expenditure I respect of administrative expenses. Thus this ratio reveals the relation administrative expenses to net sales.

$$\text{Administrative expenses ratio} = \frac{\text{Administrative expenses}}{\text{Net sales}} \times 100$$

TABLE- 6 SHOWING ADMINISTRATIVE EXPENSES RATIO

Year	Administrative expenses	Net sales	Administrative expenses ratio
2009	4660.20	30300.80	15.38%
2010	4850.3	32320.10	15.01%
2011	5020.4	34420.13	11.58%
2012	5379.79	35429.81	15.51%
2013	5912.23	38195.21	15.46%
2014	5637.59	41784.28	13.49%
2015	6115.48	45642.20	13.39%

Source: annual report

INFERENCE: The company has a very low administrative expenses ratio. In 2014 to 2013 later it god decreased. This is be caused of decreased in administrative expenses for the improved performance of the company that result in increased sales.

g) RETURN ON EQUITY

ROE indicates how well the firm has used the resources of owners. The ratio of net profit to owners reflects the extent to which the objective of achieving satisfactory return has been accomplished.

$$ROE = \frac{PAT}{\text{Net worth}}$$

TABLE-7 SHOWING ROE

Year	PAT	Net worth	Return on Equity ratio
2009	1200.09	7232.30	16.59%
2010	952.13	6520.38	14.60%
2011	1966.17	8530.69	23.09%
2012	658.44	8958.24	7.35%
2013	1791.30	10928.84	17.17%
2014	4140.17	14113.34	29.34%
2015	4579.03	18210.89	25.14%

Source: SPB annual report

INFERENCE: The above table indicates the ROE available to the shareholders is low in the year 2011.

h) RETURN ON ASSET

Profitability can be measured in terms of relationship between net profits assets. This ratio also known as profit to asset ratio. It measures the profitability of investments can be known.

$$ROA = \frac{\text{Net profit}}{\text{Total assets}} \times 100$$

TABLE -8 SHOWING ROA

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Year	Net profit	Total assets	Return on assets ratio
2009	980.13	31000.20	3.21%
2010	1013.12	32001.30	3.11%
2011	1966.17	34381.65	5.71%
2012	658.44	41049.73	1.62%
2013	1791.30	41100.42	4.35%
2014	4140.17	57596.02	7.18%
2015	4579.03	74811.8	6.12%

Source: SPB annual report

INFERENCE: The above data indicates that the ROA is low in the year 2011 because of the reason that there is low PAT the company.

I).RETURN ON CAPITAL EMPLOYED

A comparison of this ratio with that of other units in the industry will indicate have efficiency the funds of the business have been employed. The higher the ratio, the more efficiency.

$$\text{Return on capital employed} = \frac{\text{Net profit}}{\text{Capital employed}} \times 100$$

TABLE-9 SHOWING RRETURN ON CAPITAL EMPLOYED

Year	Net profit	Capital employed	Return on assets ratio
2009	980.13	7900.00	12.40%
2010	1013.12	8230.30	12.25%

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2011	1966.17	8530.69	23.09%
2012	658. 44	8958.24	7.35%
2013	1791.30	10928.84	17.17%
2014	4140.17	14113.34	29.34%
2015	4579.03	18210.89	25.14%

Source: SPB annual report

INFERENCE: Since the company has suffered low profit in the year 2010 there is low return on capital employed for the company and has got a maximum ROUE in the years 2013.

j) OPERATING PROFIT RATIO

The ratio that measures the relationship between a firms operation net profit to net sales of the company.

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

TABLE-10 SHOWING OPERATING PROFIT RATIO

Year	Net profit	Capital employed	Return on assets ratio
2009	980.13	30300	3.23%
2010	1013.12	32320	3.12%
2011	1966.17	34420.13	5.71%
2012	658.44	35429.81	1.85%
2013	1791.30	38195.21	4.68%
2014	4140.17	41784.28	9.90%

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2015	4579.03	45642.20	10.03%

Source: SPB annual report

INFERENCE: In the year 2011 there is very low operating profit ratio. Since because of the reason there is very low net profit for those years.

k) RESERVE TO EQUITY SHARE CAPITAL RATIO

A very high indicates a conservative dividend policy and increase plugging back of profits. Higher the ratio better will be the position.

$$\text{Reserves to equity capital ratio} = \frac{\text{Revenue reserves}}{\text{Equity capital}} \times 100$$

TABLE-11 SHOWING RESERVE TO EQUITY S. CAPITAL RATIO

Year	Revenue reserves	Equity capital	Reserve to equity share capital ratio
2009	7500.10	1125	6.67%
2010	8200.12	1125	7.29%
2011	9303.84	1125	8.27%
2012	5667.97	1125	5.03%
2013	7410.69	1125	6.58%
2014	12983.34	1125	1.54%
2015	17135.89	1125	15.18%

Source: SPB annual report

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INFERENCE: The company maintains a relative same trend in its reserve to equity capital ratio compared to 2011-2012; the company maintained a high ratio in 2012&2013 the higher the ratio better will be the position.

COMPARATIVE FINANCIAL STATEMENTS

Comparative financial statement is prepared in a way so as to provide time perspective to the consideration of various elements of financial position embodied in such statements. This is done to make the financial data more meaningful. the statements of two or more years are prepared to show absolute data in value and in terms of percentages comparative statement can be prepared for both income statement as well as Balance sheet. The preparation of comparative financial and operating statement is an important device of horizontal financial analysis. Comparative financial statements are statements of position of a business so designed as to provide time perspective to the consideration of various elements of financial position embodied in such a statement. Generally balance sheet and income statement is which alone are prepared in a comparative because they are the most important statements of financial position.

Comparative income statement discloses the net profit or net loss resulting from the operations of the business such statement shows the operating results for a number of accounting periods so that changes in absolute data from one period to another period may be stated in terms of absolute change or in terms of percentage comparative balance sheet is prepared on two are more different dates can be used for comparing assets and liabilities and to find out any increase in these terms this facilitates the comparison of figures of two or more periods and provides necessary information which maybe useful in forming an opinion regarding the financial conditions as well as progressive outlook of the concern.

SHOWING CONSOLIDATED COMPARATIVE INCOME STATEMENT

(Amounts in Rs.)

Particulars	**2009-2010**	**2010-2011**	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**
INCOME	7.83	2.23	2.93	7.80	9.39	9.25
Sales	(93.46)	(89.46)	47.01	100.38	73.00	(16.35)
Other income	7.33	8.56	2.80	7.92	9.55	9.13
EXPENDITURE	12.33	13.62	13.32	7.99	12.86	6.41
Materials consumed	3.50	4.32	1.85	(13.23)	3.70	2.54
Power and fuel	11.68	11.56	10.66	7.89	6.85	17.94
Employees cost						
Repairs and maintenance	22.32	24.34	1.66	28.88	11.97	16.71
Other expenses	9.26	7.84	5.22	(1.33)	(6.12)	(21.67)
Decrease/(increase) in stock process	100.79	44.87	49.35	140.36	14.9	(33.92)
PROFIT BEFORE INTEREST AND DEPRECIATION	6.20	5.40	12.36	2.97	6.30	5.3
Interest and financing	52.30					
cost	(22.16)	42.38	46.90	62.50	32.20	38.47
Depreciation	7.36	(18.26)	(48.89)	(6.01)	24.03	0.93

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		24.70	1.51	28.75	2.13	17.40
PROFIT BEFORE TAX	7.36					
Transfer to differed tax	(72.63)	56.34	63.18	134.63	60.48	38.47
Provision current tax	-	(95.34)	(56.90)	98.54	(55.86)	(118.5)
Provision for fringe	-	-	-	-	54.95	15.39
benefit tax		-	-	66.51	3.77	17.64
PROFIT AFTER TAX	78.53					
		68.34	66.51	172	131.12	10.60

INFERENCE

From the above comparative income statement it is inferred that sales shows its increase in cash year and maximum in the year 2011-12 at 9.29 other income shows a crease in the year 09-10 and 12-13 but it marked its greatest increase in 2010-11. Material consumption shows a through out increase and decrease the years and in year.

Material consumption shows a through out increase or decrease of the every year and in the year 2009-10 got increase of 13.32 power and fuel shows decline in the year 10-11 and later it goes on increasing. The employee cost show decline in every year 2011-2012. And later it goes on increasing other expenses shows decline in year 2010-2013

An interest and financial change shows its decline from 2009-10 to 2010-11 and 2012-13. Depreciation shows its decline for 2009-10 and 2011-12 and it later increasing. In the case of loan funds, secured loan showed its declining trend from the year 10-11 which ranges from (21.89) and later in the year 2011-12 it marked its increase at 113.11 unsecured loan got sudden later increase in year 2009-10 later it showed a declassing trend and later in

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the year 2012-13 there is very low unsacred loan to the company. It shows the ability of the company to raise loan from external as well as internal sources.

In the case fixed asset shows its decline in year 10-11 at (-0.51) and later increasing in the year 11-12 at 5715C.A showed its decline in year 10-11 at 3.87 and later increase in the year 11-12 at 20.10 C.L showed it increase or decrease for every year.

COMMON SIZE STATEMENTS

The common size balance sheet shows the percentage of each asset item to the total asset and each liability item to the total liabilities. Similarly a common size of income statement shows each item expense as a percentage of net sales. With common size statements comparison can be made between two different size firms belonging to the same industry.The common size analysis of current asset and current liability can be used to measure the relationship of various elements of currents assets and current liability to it total. An attempt has been made for the common size analysis of current asset and current liability.

From this analysis it can be inferred that shareholders fund ands were considered to be the major element in the source of fund of the company over the study period where as fixed asset, current asset and & advances as well as investment were treated as the major application of funds. In this study the income statements & balance sheet of the company for the past five years has been analyzed.

COMMON SIZE BALANCE SHEET OF SPB FROM 2007-2013

Particulars	2007	2008	2009	2010	2011	2012	2013
SOURCE OF FUNDS Shares	1.50	1.95	2.73	2.77	3.27	4.10	4.22

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Reserve and surpluses Loan funds Deferred tax Current liability and provisions **Total**	22.80 45.55 7.87 22.23 100	22.54 42.32 8.85 24.32 100	22.63 30.43 13.28 30.90 100	19.31 36.30 11.44 30.16 100	21.53 32.37 12.30 30.15 100	20.21 32.10 12.20 31.22 100	20.30 31.33 11.33 32.82 100
APPLICATION OF FUNDS Fixed assets Investment Current assets, loan advances **Total**	67.45 1.13 31.46 100	61.22 1.41 37.35 100	54.58 1.81 43.59 100	55.64 1.81 42.54 100	53.60 2.27 45.96 100	52.38 1.96 45.66 100	51.90 1.82 46.28 100

Inference

Common size statement indicates the relationship of various items with some common item. From the above common size balance sheet we can see that reserve and surplus as well as loan finds forms the major items source of finds for company. Fixed asset forms a major part of the application of finds of the company followed by current assets, loan a advance. Out of current assets, inventories forms a major element followed by sin dry debtors and cash and bank. Provision form an insignificant position out of current liabilities.

COMMON SIZE INCOME STATEMENT OF SPB FROM 2008-2014

particulars	2008	2009	2010	2011	2012	2013	2014

NCOME							
Materials consumed	55.39	56.32	55.13	55.09	49.98	48.13	48.17
Power and fuel	13.76	15.28	17.54	21.88	20.10	22.76	22.80
Employees cost	7.28	6.68	7.92	7.92	7.36	7.23	7.42
Repairs and maintenance	3.49	3.23	3.19	2.67	2.70	2.74	2.90
Other expenses	2.27	3.13	3.70	4.10	3.96	3.80	4.33
Interest and financing cost	1.13	1.16	1.63	1.87	3.77	3.98	3.82
Depreciation	3.80	3.50	3.79	3.17	3.77	3.75	3.82
Provision tax	3.21	1.39	2.43	1.41	3.21	3.82	3.92
Net profit	10	9.79	4.67	1.85	2.7	2.90	2.82
	100	100	100	100	100	100	100
EXPENDITURE							
Sales	99.70	98.76	99.75	99.86	99.74	97.82	96.80
Other income	0.30	0.38	0.25	0.13	0.26	0.13	0.21
Transfer to deferred tax	-	0.58	-	-	-	-	-
	100	100	100	100	100	100	100

INFERENCE

The above common size income statement shows the percentage of various element of income and expenditure to the net sale made by the company. It helps the research to find out how mach each and every term forms part of the sales. From the analysis it can be inferred that material consumption from the major part of expenditure in relation to sales. By analysis

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the PAT of the company in years 2010 and 2009 there is very low profit company and in 20117,12,11 PAT is there to the company and marked if maximum in the year 2013 and it forms to the extent of 10%.

CHAPTER – V

5`1.FINDINGS

- GMR shows the gross profit earned by the company. Here the company has a positive GPR and later it shows an increasing trend and finally in the year 2013 it reached a cross margin Ratio of 30.62%.
- In the year 2010 and 2011 the company showed a low Net Profit margin. In the year 2013 it showed the highest net profit margin.
- Company's PAT to EBIT ratio shows a fluctuating trend and it has reached its maximum in the year 2014 i.e. 65.24%.
- ROI shows the revenue earning capacity of the company in the year 2011 since the EBIT was low there is ROI of the company and it showed it maximum in the year 2013.
- Since ROE is the part of profit i.e. Available to the shareholders, it must be distributed to the shareholders as per the dividend rate. Since 2010 it shows a low PAT and ROE those years.
- The company has ROA in the year 2014 and in the year 2010 there is low ROA because of the reason that there is low PAT for the company.
- Since the Company has suffered low profit in the year 2011 there is low return on capital employed for the company and has got a maximum ROUE in the year 2013.

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- In the year 2011 there is very low operating profit Ratio. Because there was very low net profit in those years.
- The company maintains a relative same trend in its Reserve to equity capital ratio compared to 2011-2012. The company maintained a high ratio in 2013 & 2014. The higher the ratio the position will be the better.

5.2 SUGGESTIONS

- Company should make efforts to improve the profitability condition of the business through increased sales since the company showed a low profit balance in PAT in the years 2011 and 2012.
- Company should undergo in efforts to cut down the operating expenses because the increased operating expenses is not favorable the Company. The company should reduce all so it's of expenses related to the day to day operations of the company such as printing and stationary transportation expenses etc.
- Company should be able to maintain a safe position of current ratio as 2:1. But in none of the years the company is not able to achieve the target and by reducing the current liabilities it is possible for the company to maintain a better liquidity position and this in turn helps the company for its efficient performance.
- Company should introduce a better policy for the Reserves maintained by the company. If the company is able to maintain an improved level of reserve it helps the company to phase the future contingencies of losses modernization expansion of the business. Here the company maintained a satisfactory level of Reserves.
- Company should introduce measures to cut down the administrative expenses of the company. But at the same time it should be possible for the company to withhold the

experienced and skilled employees by providing them attractive remuneration. The joining of qualified professionals with the company will improve the productivity of the business.

5.3 CONCLUSION

Analysis of Profitability performance is the vital part of Financial Management of any business like SBP Pvt. Ltd. The liquidity position of the current financial performance of the Company has to be examined regularly for the effective functioning. This study helps the "SBP" to control over the financial areas and the smooth functioning of the business. This study and analysis of financial statement gives a thorough insight to the research and he Company about the Profitability performance of the SBP and how the financial statements should be analyzed which will help in the improvement of profitability and liquidity of the business. From the development history of the "SBP" it is clear that it call achieve more heights in the future years. By considering the above suggestions there is no doubt that the Company will be bagged with number of rewards for the better management of finance in near future.

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