



A STUDY ON FINANCIAL PERFORMANCE AT MM ENGINEERS PRIVATE LIMITED  
TAMIL NADU

by

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Under the guidance of

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A PROJECT REPORT

submitted

In partial fulfillment of the requirements

for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

**Kumaraguru College of Technology**

(An autonomous institution affiliated to Anna University, Coimbatore)

**Coimbatore - 641 047**

**September, 2012**

#### **BONAFIDE CERTIFICATE**

Certified that this project report titled, "**A Study On Financial Performance Analysis At MM Engineers Private Limited**" is the bonafide work of **Ms. S.Ragavi**, who carried out the project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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#### **DECLARATION**

I, hereby declare that this project report entitled as "A study on financial performance at MM engineers private Limited", has undertaken for academic purpose submitted to Anna University in partial fulfillment of requirement for the award of degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Prof.S.Swaminathan from 26.6.2012 to 6.8.2012 during the academic year 2011-2012.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and behalf.

**Place: Coimbatore**

.....

**Date:**

**(S.RAGAVI)**

## ACKNOWLEDGEMENT

I express my gratitude to our beloved chairman **Arutchelvar Dr. N.MAHALINGAM and Management** for the prime guiding spirit of **Kumaraguru College of Technology** for giving me an opportunity to undergo the MBA Degree course and to undertake this project work.

I also thank our **Madam Director Dr. Vijila Kennedy**, for her encouragement and continuous motivation.

I wish to thank the Ms. **S. Sangeetha, Assistant Professor (Senior Grade)**, Project coordinator KCT Business School, for her intensive guidance throughout the project.

I wish to express deep sense of obligation to **Prof. S. Swaminathan**, KCT Business School, for the guidance and moral support throughout the project from its inception to completion.

I whole heartily thank **Mrs. Leelavathi, MM Engineers Private Limited** for her motivation to complete the project successfully.

At the outset, I wish to submit heartfelt sincere, humble gratitude to my beloved parents, brother and friends, who lead, guide all through my life and give me the courage and strength for the successful completion of this major project.

## EXECUTIVE SUMMARY

This project named "A Study On Financial Performance" was carried at MM Engineers Private Limited to analyze and understand financial feasibility of the company in terms of liquidity, turnover, solvency, profitability etc. by using Ratio Analysis technique.

I chose to do this project at MM Engineers Private Limited because it is one of the leading crane manufacturing company in Coimbatore. The company was established way back in 1978 mainly for crane manufacturing. Over the years the MM Engineers Private Limited upgrading its technology and infrastructure.

The Ratio Analysis technique is the process of identifying the financial strength and weakness of the firm by properly establishing relationship between the items of the balance-sheet and the profit and loss account because the figures recorded in the financial statement are absolutely incapable of revealing the soundness or otherwise of a Company's financial position or performance. Thus the technique of "Ratio Analysis" has been used which is supposed to be powerful tool for financial statements.

In Ratio Analysis technique a ratio is used as a benchmark for evaluating the financial position and the performance of the firm.

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## CHAPTER 1

## INTRODUCTION

## 1.1 INTRODUCTION TO THE STUDY

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Financial analysis involves the use of financial statements. A financial statement is an organized collection of data according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm.

An analysis of financial performance can be possible through the use of one or more tools/techniques of financial analysis. Some of the important techniques used for studying the financial performance of MM engineers are:

## (a) Ratio analysis:

In order to evaluate financial condition and performance of a firm, the financial analyst needs certain tools to be applied on various financial aspects. One of the widely and powerful tools is ratio or index. Ratios express the numerical relationship between two or more things. This relationship can be expressed as percentages, fraction or proportion of numbers. Accounting ratios are used to describe significant relationships, which exist between figures shown on a balance sheet, in a profit and loss account, in a budgetary control system or in any other part of the accounting organization. Ratio analysis plays an important role in determining the financial strengths and weaknesses of a company relative to that of other companies in the

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same industry. The analysis also reveals whether the company's financial position has been improving or deteriorating over time. Ratios can be classified into four broad groups on the basis of items used: (1) Liquidity Ratio, (ii) Capital Structure/Leverage Ratios, (iii) Profitability Ratios, and (iv) Activity Ratios.

## (b) Common-size financial analysis:

Common-size statement is also known as component percentage statement or vertical statement. In this technique net revenue, total assets or total liabilities is taken as 100 per cent and the percentage of individual items are calculated likewise. It highlights the relative change in each group of expenses, assets and liabilities.

## (c) Comparative balance sheet analysis:

The comparative balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheet of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of business. The changes can be observed by comparison of the balance sheet at the beginning at the end of period and these changes can help in forming an opinion about the progress of an enterprise.

## 1.2 INDUSTRY PROFILE

## CRANE INDUSTRY

From being simple machines used to carry up and bring down materials, cranes and hoists have today become more sophisticated simplifying processes in manufacturing, mining, infrastructure, automotive and construction industries. A wide range of industries, especially manufacturing, mining and construction require heavy loads to be lifted or lowered in various processes. Machineries like hoist and cranes have greatly reduced the human efforts and also brought down the process timing, thereby increasing the output.

A crane is a machine used for lifting materials. It has a winder (also called a wire rope drum), wire ropes or chains and sheaves to lift and lower loads and to move them horizontally. It has one or more simple machines to produce the mechanical

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power for moving the loads, which otherwise is beyond a human's physical capability. Cranes are commonly used in the transport industry for loading and unloading freight. It is widely used in the construction industry, especially while building tall buildings, and also in the manufacturing industry for assembling of heavy equipment.

The earliest cranes were used for construction activities in Ancient Greece. They were mostly powered by labourers or men or other animals. Later, as their application increased, they evolved into larger cranes to lift heavier weights. With the growth in the shipping industry, harbour cranes were introduced for loading and unloading material and even building of huge ships. Wood being the commonly used material back then, most of the earliest cranes were made from wood. Later after industrial revolution, cast iron and steel cranes came into existence. The invention of steam engines added to the power of these cranes. The earliest steam crane being introduced in the 18th or 19th century and were used till the late 20th century. With increase in the scope of their usage, today's cranes are powered by internal combustion engines or electric motors and hydraulic systems and operate with advanced computerised systems. Some industries though still use manual cranes power supply is a concern.

Cranes exist in an enormous variety of forms — each tailored to a specific use. Sizes range from the smallest jib cranes, used inside workshops, to the tallest tower cranes, used for constructing high buildings. For a while, mini-cranes are also used for constructing high buildings, in order to facilitate constructions by reaching tight spaces. Larger floating cranes are generally used to build oil rigs and salvage sunken ships. There are three major considerations in the design of cranes. First, the crane must be able to lift the weight of the load; second, the crane must not topple; third, the crane must not rupture. Cranes, like all machines, obey the principle of conservation of energy. This means that the energy delivered to the load cannot exceed the energy put into the machine. Cranes can also get in chain reactions; the rupture of one crane may in turn take out nearby cranes. Cranes need to be watched

carefully. Standards for cranes mounted on ships or offshore platforms are somewhat stricter because of the dynamic load on the crane due to vessel motion. Additionally, the stability of the vessel or platform must be considered. For stationary pedestal or kingpost mounted cranes, the moment created by the boom, jib, and load is resisted by the pedestal base or kingpost. Stress within the base must be less than the yield stress of the material or the crane will fail. There are many types of cranes depending on their use. They include mobile crane, truck-mounted crane, side lift crane, rough terrain crane, all terrain crane, crawler crane, aerial crane, fixed crane, tower crane, hammerhead crane, overhead crane, deck crane, jib crane, bulk-handling cranes et al.

**1.3 COMPANY PROFILE**

MM Engineers Private Limited, Coimbatore, India, is an ISO 2001-9008 and has been in the line of manufacturing Material Handling Equipments. Three decades of experience in this field has not only earned a reputation for quality equipment, best price and prompt deliveries, but the 'Continuous Innovations in Crane Technology'. This has enabled it to update its products to most modern technology in the world.

**Vision**

MM ENGINEERS Private Limited is committed to meet customers' requirements, through continuous innovations in crane technology, to meet the international standards and to achieve the ultimate objective of total customer satisfaction through teamwork.

**Values**

- High quality
- Dedicated design team

**Products**

- Cranes
- Hoists
- Crane components
- Engineered solutions
- Monorail systems/Winchw

**Infrastructure**

- Design capabilities

MM is keen to provide its customers the highest quality of products and has hence ensured that the design team is equipped with the best of facilities.

- Manufacturing capabilities

MM Unit I is located in the city centre and serves as the Administrative Office, with Marketing and After-sales Service. MM Unit II, the factory is located on Madukkarai, Sundarapuram Road, in about 2.5 acres of land with two factory buildings of 3000 sq.m.

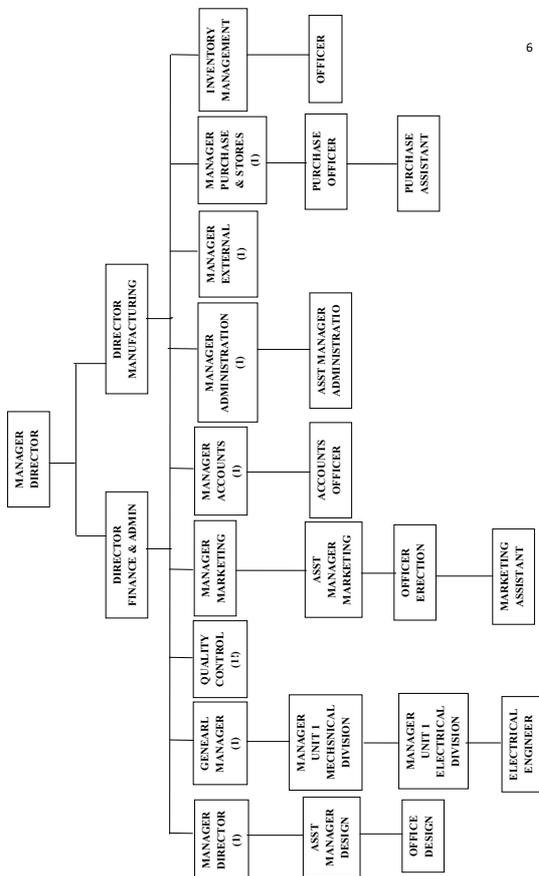
- Testing Facilities

MM is equipped with all the required facilities for testing Hoists, Jib Cranes and Overhead Cranes up to 100 tons capacity.

**Customers**

- BMW
- Hyundai
- TATA steel
- Siemens

**ORGANISATION CHART OF MM ENGINEERS PRIVATE LIMITED**



**1.4 STATEMENT OF THE PROBLEM**

With the increasing competition in the economy especially with regard to crane industry performing financial performance periodically will help the management to know the financial position of the concern.

**1.5 OBJECTIVES OF THE STUDY**

**PRIMARY OBJECTIVE**

- To analysis the financial performance of MM engineers Private limited for the period from 2007-2012.

**SECONDARY OBJECTIVE**

- To interpret the ratios by inter firm comparison.
- To perform common-size analysis and comparative study of financial statements.

## CHAPTER 2

### REVIEW OF LITERATURE

**Evenline Van De Veklda, Wim Vermier, Filip Corten et al**<sup>1</sup> A historical financial performance engagement is an analysis of a company's past and current financial performance to similar sized companies within its industry providing insight into a company's historical growth, profitability, debt capacity and overall liquidity. All such factors can be important indicators of a company's ultimate value. We analyze the past five years history of financial statement as well as financial information relative to your industry. We calculate financial ratios (liquidity, coverage, leverage, and operating) for the company prepare common size financial statements and analyze the information on a trended and composite basis.

**Jill Collis, Robin Jarvis**<sup>2</sup> Examines the use of financial information in small companies, as financial management is critical to their success and survival. The purpose of the research was to identify the sources and utility of financial information used and the results show that the majority of small companies adopt practices that include formal methods of planning and control. There is a strong emphasis on controlling cash and monitoring performance in the context of maintaining relationships with the bank. The most widely used and most useful sources of financial information are the monthly/quarterly management accounts and cash flow information in various forms.

<sup>1</sup> Evenline Van De Veklda, Wim Vermier, Filip Corten et al "Corporate Responsibility And Financial Performance, Corporate Governance", Emerald Group Publishing Limited, Year 2005 Volume:5, Pg 129-138.

<sup>2</sup> Jill Collis, Robin Jarvis, (2002) "Financial information and the management of small private companies", Journal of Small Business and Enterprise Development, Vol. 9 Iss: 2, pp.100 – 110.

**Mehran Ali Memon & Izah Mohd Tahir**<sup>6</sup> This paper examines the performance of fourteen manufacturing companies in Pakistan using financial accounting ratios. Data was collected from OSIRIS database sorted by total assets. The variables that will be used are: total assets; expenses; sales; profit before tax; and return on assets. Each variable will be compared and analyzed during the 5 year period, 2006-2010.

**Gary S. Levitz & Paul P. Brooke**<sup>7</sup> This article analyzes differences in the financial performance, cost, and productivity between system-affiliated and independent hospitals. An interpretation of the results indicated that system-affiliated hospitals are more profitable, have better access to capital markets, are more effective price setters, and experience higher costs per case which are related to longer lengths of stay and less productive use of plant and equipment in generating revenues.

<sup>6</sup> Mehran Ali Memon & Izah Mohd Tahir "Performance Analysis of Manufacturing Companies in Pakistan", Business Management Dynamics Vol.1, No.7, Jan 2012, pp.12-21.

<sup>7</sup> Gary S. Levitz & Paul P. Brooke "Independent versus System-Affiliated Hospitals: A Comparative Analysis of Financial Performance, Cost and Productivity", Health Services Research 20:3 (August 1985), pp. 315-339.

**Dr.Laurence M.Crane Five**<sup>3</sup> Measures of financial efficiency are the asset turnover ratio, operating expense ratio, depreciation expense ratio, interest expense ratio and net income from operations ratio. The asset turnover ratio measures how efficiently assets are being used to generate revenue. The higher the ratio, the more efficiently assets are being used to generate revenue.

**Ali Al-Attar & Simon Hussain**<sup>4</sup> This paper examines the ability of current accounting data to explain future cash flows for UK firms, as disclosed under FRS1. Rather than examining price data - from which cash flow implications have to be inferred - we follow the more direct approach used in several recent US studies, in which actual future cash flow data are examined.

**Iorpev, Luper, Kwanum, Isaac. M**<sup>5</sup> This paper the impact capital structure has had on the performance of firms in Nigeria. Specifically, it is aimed at: Examining the relationship between capital structure, and Return on Assets (ROA) and Profit Margin (PM). This study will be significant to managers in deciding the right combination of equity and debt to finance their operations and to maximize firm value at the same time contributing to the economic development of Nigeria.

<sup>3</sup> Dr.Laurence M.Crane Five "Financial Performance Measures", Michigan State University Magazine, August 2007, Pg .6.

<sup>4</sup> Al-Attar, Ali M. and Hussain, Simon , "Corporate Data and Future Cash Flows", Journal of Business Finance & Accounting, Vol. 31, No. 7-8, pp. 861-903, September 2007.

<sup>5</sup> Iorpev, Luper, Kwanum, Isaac "Capital Structure and Firm Performance: Evidence from Manufacturing Companies in Nigeria", International Journal of Business and Management Tomorrow, Vol. 2 , No. 5, May 2012.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1 TYPE RESEARCH

- Analytical research

Under this research, the researcher goes with the specific topic about which he/she have not made any conclusions termed as questions. The researcher surveys the information and views already out there both before and during the research. At the end of the research, the researcher will be able to contribute her own thoughts to the discussion by drawing some conclusions about the topic chosen; hence this study comes under analytical research.

#### 3.2 DATA AND SOURCES OF DATA

The data used in this project is secondary data. The sources of data had been obtained from the company's balance sheet for a period of 5 years.

#### 3.3 PERIOD OF STUDY

The period of study is from the financial year 2007 to 2012. A financial year is composed of 12 month period from April to March.

#### 3.4 TOOLS FOR ANALYSIS

- Ratios.
- Common-size analysis.
- Comparative statements.

### 3.5 LIMITATIONS OF THE STUDY:

The following are the limitations in the project,

- The analysis is made using only secondary data only.
- The period of study is only for five years (2007-2012).
- This study is applicable only to MM engineers private limited, Coimbatore.

## CHAPTER 4

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 CALCULATION OF RATIOS

##### 4.1.1 Liquidity ratios

$$(1) \text{ Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Table 4.1.1: Table showing Current Ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 0.9          | 1.09           | 1.43   |
| 2008-09 | 1.05         | 1.38           | 3.76   |
| 2009-10 | 1.12         | 1.42           | 1.39   |
| 2010-11 | 1.01         | 1.33           | 1.59   |
| 2011-12 | 1.37         | 1.18           | 1.62   |

INTERPRETATION:

- The current ratio of MM engineers indicates that the company has not got sufficient assets to pay off short term liabilities as and when they fall due.
- The ratio is in the increasing trend and finally during the year 2011-12 the company has reached the satisfactory position of 1.37.
- Comparing with UB engineers and Cranex, the current ratio was low during the year 2007-08 which was 0.9 and high during the year 2011-12.

INFERENCE:

The above table 4.1.1 infers about the current ratio of the company. Comparing with UB engineering and Cranex, MM engineers has not maintained its short-term solvency through-out the years and it is improving its short term solvency status which is appreciable.

$$(2) \text{ Liquid ratio} = \frac{\text{Liquid asset}}{\text{Current liabilities}} = \frac{\text{Cash in hand and bank} + \text{Sundry debtors}}{\text{Current liabilities}}$$

Table 4.1.2: Table showing Liquid Ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 0.60         | 0.96           | 1.42   |
| 2008-09 | 1.00         | 1.02           | 2.54   |
| 2009-10 | 1.02         | 1.15           | 0.99   |
| 2010-11 | 0.70         | 1.51           | 1.47   |
| 2011-12 | 0.74         | 1.32           | 1.54   |

INTERPRETATION:

- The liquid ratio of MM engineers shows that its liquidity is not good during the period of study.
- UB engineering and Cranex had ratio value of 0.96 and 1.42 respectively during the year 2007-08 but MM engineers had a very low value of 0.60.
- In the year 2008-09 the ratio reached a satisfactory level for MM engineers and UB engineering but Cranex had a high value of 2.54.
- In the subsequent years MM engineers had an unstable value but UB engineering and Cranex maintained a considerable position.

INFERENCE:

The above table 4.1.2 infers about the liquid ratio of the company. The ratio of MM engineers through-out the years except 2008-09 and 2009-10 indicates that it does not have adequate assets which can be converted in the form of cash almost immediately to pay off those liabilities which are to be paid off immediately. It is seen that year by year liquid ratio is decreasing comparing with UB engineering and Cranex.

##### 4.1.2 ACTIVITY RATIO

$$(1) \text{ Inventory turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

Table 4.1.3: Table showing Inventory turnover ratio

| YEAR    | MM engineers |                         | UB engineering |                         | CRANEX |                         |
|---------|--------------|-------------------------|----------------|-------------------------|--------|-------------------------|
|         | Ratio        | Conversion period(days) | Ratio          | Conversion period(days) | Ratio  | Conversion period(days) |
| 2007-08 | 12.91        | 28.27                   | 16.85          | 21.66                   | 6.25   | 58.4                    |
| 2008-09 | 25.03        | 14.58                   | 18.05          | 20.22                   | 3.44   | 106.10                  |
| 2009-10 | 27.19        | 13.42                   | 23.89          | 15.27                   | 4.44   | 82.20                   |
| 2010-11 | 11.80        | 30.90                   | 45.71          | 7.99                    | 17.63  | 20.70                   |
| 2011-12 | 6.22         | 58.68                   | 26.79          | 13.62                   | 23.19  | 15.74                   |

INTERPRETATION:

- The financial year 2007-08 MM engineers had good turnover ratio of 12.91 locking up smaller part of funds in inventory.
- Cranex with a low ratio of 6.25 with more funds in inventory.
- During the years 2008-09 and 2009-10, MM engineers and UB engineering showed an upward trend in the ratio but Cranex showed a very low value of 3.44 and 4.44 indicating over investment in inventory.
- In the year 2011-12 MM engineers had over invested in inventory comparing with UB engineering and Cranex which maintained a better turnover ratio.

**INFERENCE:**

The above table 4.1.3 infers about the inventory turnover ratio and inventory conversion period about the company. MM engineers initially had a good inventory turnover ratio. Over the years the ratio first increased and finally the inventory turnover ratio became very low indicating accumulation of absolute and unsalable goods.

**REVENUE:**

Table 4.1.4: Table showing the sales revenue( in Rs.Cr.)

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 15.67        | 216.29         | 4.33   |
| 2008-09 | 25.61        | 264.59         | 5.65   |
| 2009-10 | 19.24        | 453.11         | 12.40  |
| 2010-11 | 21.23        | 526.80         | 18.52  |
| 2011-12 | 33.92        | 610.81         | 18.39  |

**INTERPRETATION:**

- The sales revenue of MM engineers was in a fluctuating trend but managed to get good profit through it.
- The sales revenue of UB engineering is in a continuously increasing trend.
- The sales revenue of cranex is also in the increasing trend.

**4.1.3 ANALYSIS OF PROFITABILITY**

$$(1) \text{Gross profit ratio} = \frac{\text{Gross profit (\%)}}{\text{Net sales}}$$

Table 4.1.6: Table showing Gross profit ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 15.79        | -32.16         | 7.11   |
| 2008-09 | 12.78        | 6.28           | 4.75   |
| 2009-10 | 12.68        | 6.67           | 1.63   |
| 2010-11 | 11.41        | 8.78           | -1.92  |
| 2011-12 | 17.44        | 8.36           | 2.69   |

**INTERPRETATION:**

- MM engineers during the period of study maintained a good ratio indicating the efficient use of raw materials and labor during production process.
- During the year 2008-09 and 2009-10, ratio of MM engineers was 12.78 and 12.68 which was low compared with the previous year but better compared with UB engineering and Cranex.
- The financial year 2011-12, MM engineers had an increase in the ratio about 17.44 which indicates an appreciation in the value comparing with UB engineering and Cranex.

**INFERENCE**

The above table 4.1.6 infers about the gross profit ratio about the company. During the period of study, MM engineers maintains a good gross profit ratio indicating that it produces its products at lower cost showing better efficiency in production of goods.

$$(2) \text{Debtors turnover ratio} = \frac{\text{Total sales}}{\text{Debtors}}$$

Table 4.1.5: Table showing Debtors turnover ratio

| YEAR    | MM engineers |                         | UB engineering |                         | CRANEX |                         |
|---------|--------------|-------------------------|----------------|-------------------------|--------|-------------------------|
|         | Ratio        | Collection period(days) | Ratio          | Collection period(days) | Ratio  | Collection period(days) |
| 2007-08 | 7.96         | 45.22                   | 2.26           | 161.50                  | 3.08   | 118.51                  |
| 2008-09 | 4.90         | 73.47                   | 4.73           | 77.16                   | 2.88   | 126.74                  |
| 2009-10 | 3.42         | 105.26                  | 6.83           | 53.44                   | 3.19   | 114.42                  |
| 2010-11 | 4.39         | 82.00                   | 3.60           | 101.39                  | 2.58   | 141.47                  |
| 2011-12 | 4.94         | 72.87                   | 2.31           | 158.01                  | 1.71   | 213.45                  |

**INTERPRETATION:**

The above table shows that the company is having an average debtors turnover ratio.

- The financial year 2007-08 had a good debtors turnover ratio for MM engineers.
- In the year 2008-09, UB engineering had a better ratio.
- Again in the year 2009-10, MM engineers maintained a low debtors turnover ratio which also showed the collection period also exceeded 3 months.
- Finally in the year 2011-12, MM engineers had a low collection period comparing with UB engineering and Cranex which had a very low value of 2.31 and 1.71.

**INFERENCE:**

The above table 4.1.5 infers about the debtors turnover ratio about the company. For MM engineers during the period of study in the year 2007-08 the collection of debt was effective and in the succeeding years the debt collection was ineffective which might lead to significant doubtful debts.

$$(2) \text{Operating ratio} = \frac{\text{Operating cost (\%)}}{\text{Net sales}}$$

Table 4.1.7: Table showing Operating ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 89.38        | 131.81         | 91.80  |
| 2008-09 | 97.39        | 93.45          | 92.91  |
| 2009-10 | 95.79        | 92.87          | 97.98  |
| 2010-11 | 95.81        | 90.50          | 101.03 |
| 2011-12 | 88.16        | 90.74          | 96.37  |

**INTERPRETATION:**

- In the year 2007-08, 89.38 has been consumed by operating cost for MM engineers.
- The ratio had a sharp increase during the year 2008-09 about 97.39, which indicates maximum amount has been consumed by operating cost but UB engineering had a decrease in value about 93.45.
- MM engineers ratio gradually decreased in a slow phase and finally it reduced to low percentage of 88.16 during the year 2011-12 compared with other companies which has a value of 90.74 and 96.37.

**INFERENCE:**

The above table 4.1.7 infers about the operating ratio of the company. The operating ratio for MM engineers was low during the year 2011-12 which was more favorable through which more margin of operating profit could cover interest, income-tax and reserves but UB engineering and Cranex continuously had an increase in the operating ratio indicating high operating cost.

$$(3) \text{ Operating profit ratio} = \frac{\text{Operating profit}}{\text{Net Sales}} (\%)$$

Table 4.1.8: Table showing operating profit ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 10.61        | -31.81         | 8.20   |
| 2008-09 | 2.59         | 6.55           | 7.09   |
| 2009-10 | 4.19         | 7.13           | 2.02   |
| 2010-11 | 4.18         | 9.50           | -1.03  |
| 2011-12 | 11.83        | 9.26           | 3.63   |

## INTERPRETATION:

- In the five year period, MM engineers made good profit during the year 2007-08 and 2011-12 after paying for the variable costs. The operating cost during the year 2008-09, 2009-10 and 2010-11 was high comparatively which had an effect in the operating profit ratio.
- During the year 2008-09 the operating profit ratio is very low which was 2.59% indicating more percentage was covered by the operating cost but UB engineering and Cranex maintained considerably better about 6.55 and 7.05 respectively.
- The company had a constant percentage of operating profit ratio during the years 2009-10 and 2010-11 with slight deviations.

## INFERENCE:

The above table 4.1.8 infers about the operating profit ratio about the company. MM engineers had a very low percentage operating profit ratio of 2.59 during the year 2008-09 which was not favorable. MM engineers had low percentage of operating profit ratio at the beginning of the period of study compared with UB engineering and Cranex, it managed to get more profit ratio finally.

$$(4) \text{ Net profit ratio} = \frac{\text{Net profit after tax}}{\text{Net sales}} (\%)$$

Table 4.1.9: Table showing Net profit ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 6.54         | 0.89           | 3.70   |
| 2008-09 | 2.90         | 4.81           | -3.20  |
| 2009-10 | 3.82         | 4.63           | 2.73   |
| 2010-11 | 3.23         | 5.78           | -1.53  |
| 2011-12 | 11.97        | 4.31           | 3.17   |

## INTERPRETATION:

- MM engineers during the year paid tax amount of 16.97 lakhs, which during the year increased to 23.18 lakhs which showed a decrease in ratio. Again in the year 2011-12, the tax was low and so the ratio increased to 11.97.
- The operating profit for Cranex was very low, which showed an effect on EBT and though the tax was low during the year 2010-11, the ratio was negative.
- UB engineering except during the year 2007-08, UB engineering was efficient in converting the sales into actual profit.

## INFERENCE:

The above table 4.1.9 infers about the net profit ratio of the company. MM engineers has improved its net profits in the year 2011-12 from 2007-08 which is appreciable comparing with other two companies which shows considerable proportion of net sales to the owners after all costs, charges and expenses including income tax have been deducted.

$$(5) \text{ Cash profit ratio} = \frac{\text{Cash profit} \times 100}{\text{Net sales}} = \frac{(\text{PAT} + \text{Depreciation}) \times 100}{\text{Net sales}}$$

Table 4.1.10: Table showing Cash profit ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 7.27         | 1.15           | 6.58   |
| 2008-09 | 3.78         | 5.02           | -0.92  |
| 2009-10 | 5.15         | 5.09           | 3.11   |
| 2010-11 | 4.54         | 6.72           | -0.65  |
| 2011-12 | 12.85        | 5.32           | 4.08   |

## INTERPRETATION:

- The cash profit during the period of study, MM engineers had an increasing trend and finally it had a high value of 12.85.
- UB engineering during the five year period had a continuously changing trend which had a low value of 1.15 during the year 2007-08 and a high value of 6.72 in the year 2010-11.
- Cranex had negative value during the year 2008-09 and 2010-11.

## INFERENCE:

The above table 4.1.10 infers about the cash profit ratio of the company. Compared with the companies like UB engineering and Cranex, MM engineers had a considerably better cash profit ratio which had an overall high value of 12.85 in the year 2011-12.

$$(6) \text{ Return on capital employed} = \frac{\text{EBIT}}{\text{Total asset} - \text{Current liabilities}}$$

Table 4.1.11: Table showing Return on capital employed

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 0.70         | -0.15          | 0.03   |
| 2008-09 | 0.18         | -1.42          | 0.03   |
| 2009-10 | 0.18         | -1.98          | 0.06   |
| 2010-11 | 0.19         | -2.88          | -0.04  |
| 2011-12 | 0.51         | -0.70          | 0.36   |

## INTERPRETATION:

- MM engineers return on capital employed had a fluctuating trend, though the net worth of the company was continuously increasing, there was variations in EBIT.
- Cranex had a same net worth during the five year period of study and UB engineering had more current liabilities which showed a negative ratio.
- During the years from 2008 to 2011, MM engineers had a sharp decrease in the value which reached a low value of 0.19, whereas UB engineering maintained a negative trend overall and Cranex a variable trend finally reaching a negative value of -0.04.

## INFERENCE:

The above table 4.1.11 infers about the return on capital employed of the company. The return on capital employed for MM engineers was considerably good when compared to UB engineering which had negative trend during the period of study and Cranex with a low value than MM engineers.

#### 4.1.4 LEVERAGE RATIO

##### DEBT-EQUITY RATIO:

$$1) \text{ Debt-Equity ratio} = \frac{\text{Outsiders funds}}{\text{Shareholders' funds}} = \frac{\text{Long term debt}}{\text{Capital account}}$$

Table 4.1.12 : Table showing Debt-Equity ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 0.32         | -              | 0.44   |
| 2008-09 | 0.45         | 0.10           | 1.57   |
| 2009-10 | 0.46         | 0.08           | 1.25   |
| 2010-11 | 0.61         | 0.65           | 1.27   |
| 2011-12 | 0.71         | 0.71           | 1.28   |

##### INTERPRETATION:

- MM engineers when compared to UB engineering have used shareholders funds more. UB engineering has used more shareholders funds than MM engineers.
- Outsiders funds are used more during the year 2007-08 by Cranex.
- From the year 2008 to 2012, Cranex was more involved in outsiders funds than with shareholders funds.
- MM engineers and UB engineering had the same debt-equity ratio.

##### INFERENCE:

The above table 4.1.12 infers about the Debt-Equity ratio of the company. MM engineers have used more shareholders fund which is favorable to the company. The claims of outsiders are lesser than those of owners.

$$2) \text{ Proprietary ratio} = \frac{\text{Net worth (\%)}}{\text{Total asset}}$$

Table 4.1.13: Table showing Proprietary ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 14           | -33            | 70     |
| 2008-09 | 15           | 91             | 39     |
| 2009-10 | 27           | 92             | 44     |
| 2010-11 | 14           | 61             | 44     |
| 2011-12 | 8            | 58             | 44     |

##### INTERPRETATION:

- The ratio of net worth in the total asset for MM engineers during the year 2007-08 was 14 and till the year 2009-10 there was continuous increase in the ratio because more proprietary fund was involved in the total assets. During the year 2011-12, ratio was very low to a value of 8 due to the reduction in net worth proportion in total assets.
- UB engineering showed a fluctuating trend due to the variation in the net worth and total assets.
- Cranex had a constant net worth but there was changes in the total asset value.

##### INFERENCE:

The above table 4.1.13 infers about the proprietary ratio of the company. MM engineers compared with UB engineering and Cranex, had a continuous decrease in the proprietary ratio and having a low ratio, indicating undercapitalization and an excessive use of creditors funds to finance the business, whereas UB engineering maintained a good proprietary ratio indicating owners fund and creditors funds are equally used.

$$3) \text{ Solvency ratio} = \frac{\text{Total liabilities to outsiders (\%)}}{\text{Total asset}} = \frac{\text{Current liabilities (\%)}}{\text{Total asset}}$$

Table 4.1.14: Table showing Solvency ratio

| YEAR    | MM engineers | UB engineering | CRANEX |
|---------|--------------|----------------|--------|
| 2007-08 | 85           | 133            | 31     |
| 2008-09 | 85           | 9              | 61     |
| 2009-10 | 79           | 8              | 56     |
| 2010-11 | 80           | 39             | 56     |
| 2011-12 | 92           | 41             | 56     |

##### INTERPRETATION:

- In the year 2007-08, MM engineers and UB engineering had a very high ratio but Cranex had a low value of 0.31.
- During the year 2008-09 and 2009-10, MM engineers maintained the same value with slight deviations but UB engineering had a dip in the ratio to about 0.08 and Cranex had an increase in the ratio to about 0.56.
- The financial year 2010-11, MM engineers maintained in the same level of 0.80 and UB engineering sharply increased to 0.39.
- Cranex maintained the value of ratio at 56.
- During the year 2011-12, MM engineers had a very high percentage of 92 compared to UB engineering and Cranex.

##### INFERENCE:

The above table 4.1.14 infers about the solvency ratio of the company. Compared to UB engineering and Cranex, MM engineers had a high percentage of solvency ratio which increased over a period. It indicates unsatisfactory or unstable long-term solvency position of MM engineers, which reached a very high percentage in the year 2011-12.

## 4.2 COMPARATIVE BALANCE SHEET

### 4.2.1 COMPARATIVE BALANCE SHEET- ASSETS

Table 4.2.1: TABLE SHOWING COMPARATIVE BALANCE SHEET- ASSETS

| Particulars                     | 2008 - 09         |        | 2009 - 10         |        | 2010 - 11         |        | 2011 - 12         |         |
|---------------------------------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|---------|
|                                 | Increase/Decrease |        | Increase/Decrease |        | Increase/Decrease |        | Increase/Decrease |         |
|                                 | Amount            | %      | Amount            | %      | Amount            | %      | Amount            | %       |
| <b>FIXED ASSETS</b>             |                   |        |                   |        |                   |        |                   |         |
| Buildings                       | 4976011           | 69.96  | 4976011           | 69.96  | 5557310           | 78.14  | 7450674           | 104.76  |
| Electricals                     | -2767             | -20.86 | -2767             | -20.86 | -6689             | -50.44 | -6689             | -50.44  |
| Furniture                       | 280700            | 1020.0 | 280700            | 1020.0 | 166453            | 651.3  | 195003            | 763.01  |
| Office Equipments               | 221916            | 97.10  | 271836            | 118.94 | 158455.30         | 69.33  | 179455.30         | 78.52   |
| Plant & Machinery               | 92932             | 4.27   | 414616            | 19.09  | -510565           | -23.5  | 2567310           | 118.22  |
| Tools                           | 21859             | 45.69  | 21859             | 45.69  | 8180              | 17.09  | 8180              | 17.09   |
| Vehicles                        | -84121            | -3.6   | -84121            | -3.6   | -225746           | -12.70 | 1486600           | 83.64   |
| Computer                        | -47177            | -6.7   | 291192            | 41.38  | 277352            | 39.41  | 1033034           | 146.83  |
| <b>INVESTMENTS AND DEPOSITS</b> |                   |        |                   |        |                   |        |                   |         |
| Fixed deposits                  | -3517395          | -46.9  | -397748           | -5.30  | 6702252           | 89.39  | 3231944.65        | 43.10   |
| <b>CURRENT ASSETS</b>           |                   |        |                   |        |                   |        |                   |         |
| Advance income tax              | -                 | -      | 929702            | 1322.5 | -                 | -      | 1229702           | 1749.27 |
| Closing stock                   | -6175116          | -51.4  | -5490482          | -45.7  | 13348886          | 111.1  | 52620150          | 438.01  |
| Deposits                        | 103000            | 42.21  | 545695.66         | 223.6  | 199495.66         | 81.7   | 149265.66         | 61.17   |
| Loans & Advances                | 3305396.09        | 103.8  | 367787.02         | -11.5  | -474753           | -14.9  | -2304549.52       | -72.43  |
| Sundry Debtors                  | 32614346.4        | 165.6  | 36527276          | 185.5  | 28802240          | 146.2  | 48966889.70       | 248.82  |
| Cash-in-hand                    | 4950              | -46.56 | 15260             | 143.5  | 7472              | 70.2   | 7566              | 71.17   |
| Bank Accounts                   | 85096.69          | 8.15   | 1438670.23        | 137.7  | 1993478           | 190.9  | 475775.37         | 45.56   |
| Deferred tax assets             | -63266            | -6.51  | 24785             | 2.55   | 71177             | 7.33   | 71177             | 7.33    |

Source: Balance sheet of MM Engineers Private Limited

#### 4.2.2 COMPARATIVE BALANCE SHEET- LIABILITIES

Table 4.2.2: TABLE SHOWING COMPARATIVE BALANCE SHEET- LIABILITIES

| Particulars                | 2008 – 09          |        | 2009 – 10          |         | 2010 – 11          |         | 2011 – 12          |        |
|----------------------------|--------------------|--------|--------------------|---------|--------------------|---------|--------------------|--------|
|                            | Increase/ Decrease |        | Increase/ Decrease |         | Increase/ Decrease |         | Increase/ Decrease |        |
|                            | Amount             | %      | Amount             | %       | Amount             | %       | Amount             | %      |
| <b>CAPITAL ACCOUNT</b>     |                    |        |                    |         |                    |         |                    |        |
| Reserves & surplus         | 192537.38          | 374.2  | 612714.39          | 1191.12 | 35415602           | 68.84   | 45576404           | 886.01 |
| Share Capital              | -                  | -      | 3000000            | 33.33   | 3000000            | 33.33   | 3000000            | 33.33  |
| Share Capital Advances     | 3596500            | 766.2  | 6316500            | 134.5   | 5049628            | 1075.82 | 3542628            | 754.75 |
| <b>LOANS</b>               |                    |        |                    |         |                    |         |                    |        |
| Bank OD A/c                | 3015877.58         | 99.42  | 5943860.58         | 195.9   | 6466589.58         | 213.17  | 6952256.58         | 229.18 |
| Secured loans              | -4154797           | -43.68 | -7490165           | -78.75  | -8671576           | -91.17  | -7661573           | -80.55 |
| <b>CURRENT LIABILITIES</b> |                    |        |                    |         |                    |         |                    |        |
| Other Liabilities          | -202475            | -25.49 | -                  | -       | -                  | -       | -                  | -      |
| Duties & taxes             | 1186483.10         | 35.82  | 564244.1           | 17.03   | 4344043.10         | 131.15  | 491350.10          | 14.83  |
| Provisions                 | 1695322            | 153.08 | 1832801.91         | 165.5   | 1258826.91         | 113.67  | 1092454.91         | 98.64  |
| Sundry Creditors           | 11004039.7         | 29.81  | 19357595.74        | 52.55   | 16102090.3         | 43.71   | 57659794.9         | 156.54 |
| Goods A/c                  | -                  | -      | 29                 | 5.07    | 29                 | 5.07    | 29                 | 5.07   |

Source: Balance sheet of MM Engineers Private Limited

#### INTERPRETATION:

The above tables 4.2.1 and 4.2.2 shows the comparative balance sheet of the company. The fixed asset of the company was in the increasing trend this is due to the reason the company was involved in buying assets. The investment was more during the year 2010-11 and 2011-12. The current assets also had a sharp increase, which was contributed more by the closing stock as the company had more inventories. The reserves and surplus was increasing due increase in turnover. The

company got more loans as bank OD. During the period of study the company has made most of credit sales.

#### 4.3 COMMON-SIZE ANALYSIS

##### 4.3.1 COMMON-SIZE ANALYSIS – ASSETS

Table 4.3.1: Table showing Common- size analysis- Assets

| Particulars              | 2007-08    | 2008-09    | 2009-10    | 2010-11    | 2011-12    |
|--------------------------|------------|------------|------------|------------|------------|
| Reserves and surplus     | 0.0802     | 0.275      | 0.705      | 4.39       | 25.98      |
| Share capital            | 14.03      | 10.16      | 12.75      | 10.57      | 6.83       |
| Share capital advance    | 0.732      | 4.59       | 7.21       | 4.86       | 2.28       |
| Bank O/D                 | 4.73       | 6.82       | 9.54       | 8.37       | 5.68       |
| Secured loans            | 14.83      | 6.04       | 2.14       | 0.739      | 1.05       |
| Current liabilities      | 65.58      | 72.10      | 67.64      | 71.05      | 58.16      |
| <b>Total liabilities</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |

Source: Balance sheet of MM Engineers Private Limited

#### INTERPRETATION

Table 4.3.1 shows the common size analysis of MM Engineers for the period of study. From the table it is evident that the proportion of share capital varies between 6.83% in 2010-11 and 14.03% in 2007-08. The proportion of reserves and surplus was as low as 0.0802% in 2007-08 and as high as 25.98% in 2011-12. There has been drastic increase in the proportion of reserves and surplus because of the increase in turnover of the company. The share of debt reduced substantially during the latter period of study. This helped the company in improving its profitability. The share of current liabilities ranged from 58.16% in 2011-12 to 72.10% in 2008-09.

Table 4.3.2 : Table showing Common-size analysis- Liabilities

| Particulars                 | 2007-08      | 2008-09      | 2009-10      | 2010-11      | 2011-12      |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Fixed assets                | 18.90        | 19.85        | 16.71        | 15.46        | 13.90        |
| Investment & Deposits       | 11.70        | 4.50         | 7.60         | 12.52        | 6.40         |
| <b>Current assets</b>       |              |              |              |              |              |
| Advance income tax          | 0.11         | -            | 1.06         | -            | 0.74         |
| Inventory                   | 18.73        | 6.60         | 6.93         | 22.30        | 36.80        |
| Deposits                    | 0.38         | 0.39         | 0.84         | 0.39         | 0.22         |
| Loans & Advances            | 4.96         | 7.32         | 2.98         | 2.39         | 0.50         |
| Sundry Debtors              | 30.70        | 59.03        | 59.73        | 42.72        | 39.10        |
| Cash – in – hand            | 0.016        | 0.006        | 0.028        | 0.016        | 0.011        |
| Bank Accounts               | 1.63         | 1.27         | 2.64         | 2.67         | 0.87         |
| Deferred tax asset          | 1.50         | 1.02         | 1.06         | 0.92         | 0.59         |
| Misc expenses               | 11.30        | 17.86        | -            | -            | -            |
| TDS receivables             | -            | -            | 0.45         | 0.49         | 0.74         |
| <b>Total current assets</b> | <b>58.05</b> | <b>75.63</b> | <b>75.72</b> | <b>72.00</b> | <b>79.69</b> |
| <b>Total assets</b>         | <b>100</b>   | <b>100</b>   | <b>100</b>   | <b>100</b>   | <b>100</b>   |

Source: Balance sheet of MM Engineers Private Limited

#### INTERPRETATION

Table 4.3.2 shows the common size analysis of asset composition of MM Engineers. The inventory level during the early period of study was 18.73 and had a sharp decrease in the next two years and again in the year 2011-12 it showed a sharp increase, which shows that the inventory levels are not managed properly and there is more stock. The sundry debtors was initially in the proportion of 30.70 and there was a continuous increase and again decreased during the year 2011-12 but still the debtors value is high. The current asset proportion was increasing during the period of study.

## CHAPTER 5

### FINDINGS, SUGGESTIONS AND CONCLUSIONS

#### 5.1 FINDINGS

- Comparing with UB engineering and Cranex, MM engineers has not maintained its short-term solvency through-out the years and it is improving its short term solvency status which is appreciable.
- The ratio of MM engineers through-out the years except 2008-09 and 2009-10 indicates that it does not have adequate assets which can be converted in the form of cash almost immediately to pay off those liabilities which are to be paid off immediately. It is seen that year by year liquid ratio is decreasing comparing with UB engineering and Cranex.
- MM engineers initially had a good inventory turnover ratio. Over the years the ratio first increased and finally the inventory turnover ratio became very low indicating accumulation of absolute and unsalable goods.
- For MM engineers during the period of study in the year 2007-08 the collection of debt was effective and in the succeeding years the debt collection was ineffective which might lead to significant doubtful debts.
- During the period of study, MM engineers maintains a good gross profit ratio indicating that it produces its products at lower cost showing better efficiency in production of goods.
- . The operating ratio for MM engineers was low during the year 2011-12 which was more favorable through which more margin of operating profit could cover interest, income-tax and reserves but UB engineering and Cranex continuously had an increase in the operating ratio indicating high operating cost.
- MM engineers had a very low percentage operating profit ratio of 2.59 during the year 2008-09 which was not favorable. MM engineers had low percentage of operating profit ratio at the beginning of the period of study compared with UB engineering and Cranex, it maintained to get more profit ratio finally.

#### 5.2 SUGGESTIONS

- The liquidity position of the company is not satisfactory so the company should concentrate in inventory and creditors.
- Funds are to be managed properly.
- The company should improve upon the proportion of its reserves and surplus , so that the company can use it for further increase in production or expansion or in buying new machinery.
- The creditors time period should be increased so that the sales revenue will not be affected.
- A higher collection period implies as inefficient collection performance which in turn affects the liquidity and there are chances of bad debts so the collection period should be reduced.
- The operating profit ratio is very low during the period of study so the operating profit can be increased by improving the operational efficiency.
- The working capital is inefficiently managed which the company can utilize properly for investments.

- MM engineers has improved its net profits in the year 2011-12 from 2007-08 which is appreciable comparing with other two companies which shows considerable proportion of net sales to the owners after all costs, charges and expenses including income tax have been deducted.
- Compared with the companies like UB engineering and Cranex, MM engineers had a considerably better cash profit ratio which had a overall high value of 12.85 in the year 2011-12.
- The return on capital employed for MM engineers was considerably good when compared to UB engineering which had negative trend during the period of study and Cranex with a low value than MM engineers.
- MM engineers have used more shareholders fund which is favorable to the company. The claims of outsiders are lesser than those of owners.
- MM engineers compared with UB engineering and Cranex, had a continuous decrease in the proprietary ratio and having a low ratio, indicating undercapitalization and an excessive use of creditors funds to finance the business, whereas UB engineering maintained a good proprietary ratio indicating owners fund and creditors funds are equally used.
- Compared to UB engineering and Cranex, MM engineers had a high percentage of solvency ratio which increased over a period. It indicates unsatisfactory or unstable long-term solvency position of MM engineers, which reached a very high percentage in the year 2011-12..

#### 5.3 CONCLUSION

The analytical study on the financial performance of MM engineers private limited is concluded that the inventory position and working capital position is to be concentrated for better performance. The liquidity position of the company is not satisfactory. The common size analysis techniques for both assets and liabilities of the company were carried out and the composition and proportion of various ingredients of assets and liabilities were determined. The comparative analysis of the balance sheet of the company during the period 2007-12 was carried out and determined the variations in the various components of the balance sheet with reference to a particular period. The overall financial performance of MM engineers during the period of study was found satisfactory.

#### 5.4 FURTHER SCOPE OF STUDY

The study covers only the quantitative aspects of the company, wherein the study can be extended to cover the quantitative aspects also.

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**Annexure-1**

Balance sheet of MM Engineers Private Limited for the FY 2007-08

| Liabilities         |             | Assets                 |             |
|---------------------|-------------|------------------------|-------------|
| Capital Account     | 9520811.78  | Fixed assets           | 12129430.65 |
| Reserves & surplus  | 51439.78    | Buildings              | 7111892.68  |
| Share capital       | 9000000.00  | Electricals            | 13259.74    |
| Share capital       | 469372.00   | Furniture              | 25556.77    |
| advances            |             |                        |             |
| Loans(Liability)    | 12544134.42 | Office Equipments      | 228542.31   |
| Bank O/D A/c        | 3033410.42  | Plant and Machinery    | 2117503.12  |
| Secured loans       | 9510724.00  | Tools                  | 47838.47    |
| Current Liabilities | 42048150.86 | Vehicles               | 1777299.50  |
| Other Liabilities   | 794296.00   | Computer               | 70358.06    |
| Duties & Taxes      | 3312196.17  | Goodwill A/c           | 50000       |
| Provisions          | 1107425.00  | Investments & Deposits | 7511748.00  |
| Sundry Creditors    | 36833663.69 | Fixed Deposits DB      | 7497748.00  |
| Gods A/c            | 571.00      | Terra Agro Shares      | 14000       |
| Profit & Loss A/c   | 568.00      | Current Assets         | 37221622.93 |
| Opening Balance     | 10260922.72 | Advance Income Tax     | 70298.00    |
| Current Period      | 10260354.72 | Closing Stock          | 12013317.00 |
| Less: Transferred   |             | Deposits               | 244015.34   |
|                     |             | Loans&Advances         | 3181542.02  |
|                     |             | Sundry Debtors         | 19687165.11 |
|                     |             | Cash-in-hand           | 10630.00    |
|                     |             | Bank Accounts          | 1044095.77  |
|                     |             | Deferred Tax Assets    | 970559.69   |
|                     |             | Misc. Expenses         | 7250863.48  |
|                     |             | Profit & Loss(Dr)      | 7250863.48  |
| Total               | 64113665.06 | Total                  | 64113665.06 |

**Annexure-2**

Balance sheet of MM Engineers Private Limited for the FY 2008-09

| Liabilities            |             | Assets                 |             |
|------------------------|-------------|------------------------|-------------|
| Capital Account        | 13309849.16 | Fixed assets           | 17588783.65 |
| Reserves & surplus     | 243977.16   | Buildings              | 12087903.68 |
| Share capital          | 9000000.00  | Electricals            | 10492.74    |
| Share capital          | 4065872.00  | Furniture              | 286256.77   |
| advances               |             |                        |             |
| Loans(Liability)       | 11405215.00 | Office Equipments      | 450458.31   |
| Bank O/D A/c           | 6049288.00  | Plant and Machinery    | 2264435.12  |
| Secured loans          | 5355827.00  | Tools                  | 69697.47    |
| Current Liabilities    | 63883904.69 | Vehicles               | 1713178.50  |
| Other Liabilities      | 591821.00   | Computer               | 656361.06   |
| Duties & Taxes         | 4496676.27  | Goodwill A/c           | 50000.00    |
| Provisions             | 2802747.00  | Investments & Deposits | 3994353.00  |
| Sundry Creditors       | 47837703.44 | Fixed Deposits DB      | 3980353.00  |
| Advance from customers | 8152383.98  | Terra Agro Shares      | 14000       |
| Gods A/c               | 571.00      | Current Assets         | 67015832.20 |
| Profit & Loss A/c      |             | Closing Stock          | 5838201.00  |
| Opening Balance        |             | Deposits               | 347015.34   |
| Current Period         |             | Loans&Advances         | 6486938.11  |
| Less: Transferred      |             | Sundry Debtors         | 52301511.60 |
|                        |             | Cash-in-hand           | 5680.00     |
|                        |             | Bank Accounts          | 1129192.46  |
|                        |             | Deferred Tax Assets    | 907293.69   |
|                        |             | Misc. Expenses         |             |
|                        |             | Profit & Loss(Dr)      |             |
| Total                  | 8858968.85  | Total                  | 8858968.85  |

**Annexure-3**

Balance sheet of MM Engineers Private Limited for the FY 2009-10

| Liabilities         |             | Assets                 |              |
|---------------------|-------------|------------------------|--------------|
| Capital Account     | 19450026.17 | Fixed assets           | 15730047.65  |
| Reserves & surplus  | 664154.17   | Buildings              | 112087903.68 |
| Share capital       | 12000000    | Electricals            | 10492.74     |
| Share capital       | 6785872.00  | Furniture              | 286256.77    |
| advances            |             |                        |              |
| Loans(Liability)    | 8977271.00  | Office Equipments      | 500378.31    |
| Bank O/D A/c        | 8977271.00  | Plant and Machinery    | 2586119.12   |
| Secured loans       | 2020559.00  | Tools                  | 69697.47     |
| Current Liabilities | 63665855.79 | Vehicles               | 1713178.50   |
| Duties & Taxes      | 3876439.27  | Goodwill A/c           | 50000.00     |
| Provisions          | 2940226.91  | Investments & Deposits | 7114000.00   |
| Sundry Creditors    | 56191259.43 | Fixed Deposits DB      | 7100000.00   |
| Gods A/c            | 600.00      | Terra Agro Shares      | 14000.00     |
| Profit & Loss A/c   |             | Current Assets         | 71269664.31  |
| Opening Balance     |             | Advance Tax            | 1000000.00   |
| Current Period      | 7351826.01  | Closing Stock          | 6522835.00   |
| Less: Transferred   | 7351826.01  | Deposits               | 789711.00    |
|                     |             | Loans&Advances         | 2813755.00   |
|                     |             | Sundry Debtors         | 56214441.62  |
|                     |             | Cash-in-hand           | 25890.00     |
|                     |             | Bank Accounts          | 2482766.00   |
|                     |             | Deferred Tax Assets    | 895344.69    |
|                     |             | TDS Receivables        | 424621.00    |
|                     |             | Misc. Expenses         |              |
| Total               | 94113711.96 | Total                  | 94113711.96  |

## Annexure-4

Balance sheet of MM Engineers Private Limited for the FY 2010-11

| Liabilities            |              | Assets                 |              |
|------------------------|--------------|------------------------|--------------|
| Capital Account        | 15644263.17  | Fixed assets           | 17554153.95  |
| Reserves & surplus     | -1874736.83  | Buildings              | 12669202.68  |
| Share capital          | 12000000.00  | Electricals            | 6570.74      |
| Share capital advances | 5519000.00   | Furniture              | 192009.77    |
| Loans(Liability)       | 10339148.00  | Office Equipments      | 386997.61    |
| Bank O/D A/c           | 9500000.00   | Plant and Machinery    | 1660938.12   |
| Secured loans          | 839148.00    | Tools                  | 56018.47     |
| Current Liabilities    | 80636198.52  | Vehicles               | 1551553.50   |
| Advance from customers | 17677354.35  | Computer               | 980863.06    |
| Duties & Taxes         | 7656238.27   | Goodwill A/c           | 50000.00     |
| Provisions             | 2366251.91   | Investments & Deposits | 14214000.00  |
| Sundry Creditors       | 52935753.99  | Fixed Deposits DB      | 14200000.00  |
| Gods A/c               | 600.00       | Terra Agro Shares      | 14000.00     |
| Profit & Loss A/c      | 6865441.85   | Current Assets         | 81716897.59  |
| Opening Balance        |              | TDS Receivables        | 550583.00    |
| Current Period         | 6865441.85   | Closing Stock          | 25362203.00  |
| Less: Transferred      |              | Deposits               | 443511.00    |
|                        |              | Loans&Advances         | 2706788.50   |
|                        |              | Sundry Debtors         | 48489405.55  |
|                        |              | Cash-in-hand           | 18102.00     |
|                        |              | Bank Accounts          | 337573.85    |
|                        |              | Deferred Tax Assets    | 1041736.69   |
|                        |              | Misc. Expenses         |              |
| Total                  | 113485051.54 | Total                  | 113485051.54 |

## Annexure-5

Balance sheet of MM Engineers Private Limited for the FY 2011-12

| Liabilities            |              | Assets                 |              |
|------------------------|--------------|------------------------|--------------|
| Capital Account        | 14137263.17  | Fixed assets           | 24408439.78  |
| Reserves & surplus     | -1874736.83  | Buildings              | 14562566.68  |
| Share capital          | 12000000.00  | Electricals            | 6570.74      |
| Share capital advances | 4012000.00   | Furniture              | 220559.77    |
| Loans(Liability)       | 11834818.00  | Office Equipments      | 407997.61    |
| Bank O/D A/c           | 9985667.00   | Plant and Machinery    | 4884813.12   |
| Secured loans          | 1849151.00   | Tools                  | 56018.47     |
| Current Liabilities    | 102135208.87 | Vehicles               | 3263900.33   |
| Advance from customers | 1637725.01   | Computer               | 1736572.06   |
| Duties & Taxes         | 3803545.27   | Goodwill A/c           | 50000.00     |
| Provisions             | 2199879.91   | Moped Unit II 0577     | 29279.00     |
| Sundry Creditors       | 94493458.68  | Investments & Deposits | 11243692.65  |
| Gods A/c               | 600.00       | Fixed Deposits DB      | 10729692.65  |
| Profit & Loss A/c      | 47502580.53  | Terra Agro Shares      | 14000.00     |
| Opening Balance        | 6865441.85   | FD-MD                  | 5000000.00   |
| Current Period         | 40637138.68  | Current Assets         | 139957738.14 |
|                        |              | Advance Tax            | 1300000.00   |
|                        |              | Closing Stock          | 64633467.00  |
|                        |              | Deposits               | 393281.00    |
|                        |              | Loans&Advances         | 876992.50    |
|                        |              | Sundry Debtors         | 68674054.81  |
|                        |              | Cash-in-hand           | 18196.00     |
|                        |              | Bank Accounts          | 1519871.14   |
|                        |              | Deferred Tax Assets    | 1041736.69   |
|                        |              | TDS Receivables        | 1300821.00   |
|                        |              | VAT-Capital Goods      | 199318.00    |
| Total                  | 175609870.57 | Total                  | 175609870.57 |