A STUDY ON FINANCIAL STATEMENT ANALYSIS ASTALAKSHMI COTTON MILLS, ERODE

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Abstract—*Employee relationships constitute a critical aspect of organizational dynamics, encompassing the This study delves into the financial statement analysis of Astalakshmi Cotton Mills, Erode, aiming to provide insights into the company's financial health and performance. Employing various financial metrics, ratios, and analytical techniques, we scrutinize the company's income statements, balance sheets, and cash flow statements over a specified period. Through a meticulous examination of liquidity, profitability, solvency, and efficiency indicators, the study unveils critical aspects of Astalakshmi Cotton Mills' financial standing. The findings shed light on the company's operational efficiency, investment potential, risk management strategies, and overall competitiveness within the textile industry. The implications derived from this analysis are essential for stakeholders, including investors, creditors, management, and regulatory bodies, in making informed decisions and formulating strategies concerning Astalakshmi Cotton Mills' future endeavors.*

Keywords: Financial Statement Analysis, Astalakshmi Cotton Mills, Erode

1. INTRODUCTION

Finance is the life blood of modern enterprise. Finance is the master key which provides access to all the resource employed in export activity. In modern economy, the finance is the basis foundation of the economic activity. Financial analysis is the process of the identifying the financial strength and weakness of the firm properly established the relationship between the item of the balance sheet and the profit and loss account. Financial analysis can be under taken by studying the managers of the firm by the other parties outside the firm, namely owners, creditors, investors and others. Financial analysis is the process of outside determining the significant operational and financial characteristics of a firm from accounting data. It is the judgment position for determining the best possible estimates and prediction about future condition.

Financial analysis is used as device to analysis and interprets the financial health of an enterprise. The absolute accounting figure reported in the financial statement doesn't provide a meaningful undertaking of the performance of the firm.

2. OBJECTIVES

Primary Objective:

• To analyze the financial statements of Astalakshmi Cotton Mills, Erode.

• To improve the profit maximization and wealth maximization.

Secondary Objective:

• To analyze the solvency position of the Astalakshmi Cotton Mills.

• To find profitability position of the Astalakshmi Cotton Mills.

3. SCOPE

- The study is based on the accounting information of the Astalakshmi Cotton Mills.

- The study covers the period of 2020-2024 for analysis the financial statement such as balance sheet.

- The scope of the study involves the various that affect the financial efficiency of the company.

- Since the past performance data essential for predicting future planning process.

4. LIMITATIONS

- The period of study was limited to data of 5 years.

- Study is based on secondary data provided by the company. As such it is subject to the limitation of secondary data.

- The authenticity of balance sheet, i.e., company often report to window dressing which may not be visible to an outsider to an outsider and affects the validity of comparison. Thus it acts as a major limitations.

5. REVIEW OFLITERATURE

Yimin Zhang and Tianmu Wang(2024) have considered the cost structure, profitability and productivity of the Chinese textile industry and estimated the impacts of RMB appreciation on this industry for 1995– 2006. It was found that the industry had suffered from very low profit margins and returns on capital.

Because the input prices have been increasing, particularly since 2001, Generating profits had become more difficult task for the industry.

Neha Mittal (2023) has studied the determination of the capital structure choice of the Selected Indian companies. The main objective was to investigate whether and to what extent the main structure theories could explain the capital structure choice of Indian firms. It has applied multiple regression models on the selected industries by taking data for the period 2001-2008. The study concluded that the main variables determining capital structure of industries in India were agency cost, assets structure, non-debt tax shield and size. The coefficients of these variables were significant at one per cent and five per cent levels.

KarenWong(2022) the cost of textiles is an important factor in the selection and purchase of textiles by low-income households. Studies show that less energy-dense and nutrient-dense textiles (e.g., fruits and vegetables) cost more than energy-dense textiles (e.g., those with added sugars and fats), which makes purchasing and consuming a healthy diet particularly challenging for low-income populations.

RoelH.Bosma(2021) Aquaponics, producing fish and vegetables in a closed-loop water system, reduces fertilizer use and water discharge, and is therefore promoted as a sustainable venture. A recent global study found that the majority of 257 surveyed aquaponics farms made losses, but the reasons have been poorly analyzed.

PepijnSchreine(2020) The cultivation of crops outside the regular cropping calendar when supply is low and prices are high can give farmers better profits and consumers more choice. However, off-season production may increase pesticide risk if crops are more affected by pests and diseases and farmers do not handle pesticides correctly.

AlessandroDe (2019) This paper focuses on the use of market prices as discriminatory factors for the selection of strategies in response to conditions of textiles in security according to the comparative efficiency of different strategies. This type of approach can be quite useful when trying to optimize response strategy through its geographical diversification or adjustment over time .While such analytical approach reflects mainly a static cost-efficiency perspective, it can be sharpened through the partial inclusion of an effectiveness perspective. However, the risks of nonpoint source pollution from, and soil salinization in, the land used for vegetable cultivation should be considered in the future.

6. RESEARCH METHODOLOGY

Research may be understood as all those methods/techniques that are used for conduction of research. Research methodology is way to systematically solve the research problem.

TYPES OF RESEARCH:

Descriptive method has been used in this research for the collection of data. As the research is related to the study of consumer behavior, which can more effectively be studied through direct question, experimental research will not much effective. Also, considering the constraint, descriptive research is the most suitable design for this research.

- Qualitative Research
- Quantitative Research
- Descriptive Research

DESCRIPTIVE RESEARCH

Descriptive research is used to obtained information concerning the status of the phenomena to describe "what exist "with respect to variables or conditions in a situation

DATACOLLECTION:

Thecollectionofdataisconsideredtobeoneoftheimportantrepentsistheresearchmethodology. There are two types of data that exists one is primary data and the other is secondary data.

- Primary data
- Secondary data

PRIMARY DATA:

The Primary data for the study was collected through personal interview with standard Questionnaires.

SECONDARY DATA:

Secondary data has been collected from company profile of the company, journal, newspaper, magazines, and general discussion with company peer channels.

TYPESOFSAMPLING:

- Probability sampling
- Non probability sampling

SIMPLE RANDOM SAMPLING:

In statistics, a simpler and sample is a subset of individuals (a sample) chosen from a large set (a population). This process and technique is known as simple random sampling.

SAMPLE POPULATION:

Once the sample unit is determined, sample size has to be fixed. Here is projectsamplingunitsof2 00 employees working in the spinners.

SAMPLE SIZE:

The sample size out of the total population, the sample taken amongst employees i.e., 120 respondents.

SAMPLE AREA:

The sample is taken in the area of Veerappan chatiram, Erode.

DATA ANALYSIS:

The data collected was tabulated and analyzed with the help of Percentage analysis, Chi-square test and Anova. This is used to frame a list of findings which is useful to give suggestions.

7. SUGGESTIONS

- The textile mills can follow a fixed policy for debtors.

- The firm should maintain the share capital pay dividend to the shareholders.

- It's better to take proper measure to maintain the earnings of the concern.

- The firm can try to improve their profitability through debt–equity financing.

- It's better for the companies to frame some important factors to be considered before adopting their investment and financing decision.

- Liquiditypositionshouldberevisedbythecompaniestomeetitsfinancial requirements.

- Companies should develop a system that reduce operating cost and increase the production units.

8. CONCLUSION

Textile constitutes the single largest industry in India. The Technology Upgradation Fund Scheme has made drastic changes for companies to import high capacity machines to increase production. The Indian textile industry has a significant presence in the economy as well as in the international. Government is providing many subsidies to raise the textile industry. Its contribution to the Indian economy is manifested in terms of its contribution to the industrial production, employment generation and foreign exchange earnings since if the companies maintain a well-planned financial policy it can be main income generating industry.

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