

## A STUDY ON FINANCIAL STABILITY ANALYSIS IN SRI AMMAN ENTERPRISES, ATTUR

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**Abstract**—The Wire and cable industries have faced the issue of increasing the efficiency of companies and reducing the degree of dependence on external factors. Moreover, the successful operation of the majority of modern branches of the national economy depends on the efficient and smooth performance of this business. The purpose of the study is to improve the Financial stability indicators of wire and cable industries. The base of the conducted study includes both general scientific and empirical methods: analysis, synthesis, generalization, modeling, observation, description, measurement, and comparison and the case method, understanding of the financial stability of the business, proposing its main criteria, and studying the aspects of the financial stability of business exemplified by Wire and cable industries. The study shows that the financial stability of the country is inextricably linked to the financial stability of organizations. Therefore, they need to be evaluated jointly. The concept of financial stability at the macro and micro levels is generalized. The indicators of financial diagnostics of organizations, characterizing their financial stability have been revealed. The results obtained will give an opportunity to identify not only the most stable business in the Wire and cable industries but also, as a consequence, to determine the most attractive business model that should be adapted to other regions to minimize the adverse effects of situations related to uncertainty.

**Keywords:** Financial stability, Financial conditions, Wire and cable industry, Sri Amman Enterprises.

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### INTRODUCTION

Financial analysis is critical to understanding and evaluating financial health, whether individuals, small businesses, or large corporations, Analyzing relevant financial data makes decisions that help assess performance and identify trends far easier.

Through this article, we provide a concise introduction to how a financial analyst explores the significance and applications of such analysis. From interpreting financial statements to assessing investment opportunities, we will navigate the fundamental principles and methodologies that underpin this discipline. Financial analysis examines and interprets financial information to assess the performance, stability, and prospects of an individual, organization, or investment. It involves evaluating financial statements, ratios, and other relevant data to gain insights into an organization's financial health, profitability, liquidity, and solvency.

#### Financial stability

A stable financial system is capable of efficiently allocating resources, assessing and managing financial risks, maintaining employment levels close to the economy's natural rate, and eliminating relative price movements of real or financial assets that will affect monetary stability or employment levels. A financial system is in a range of stability when it dissipates financial imbalances that arise endogenously or as a result of significant adverse and unforeseen events.

### **Positive environment**

A critical internal force that influences employee behaviour is the actions of colleagues. Companies that can effectively build an internal culture that is based on mutual respect, teamwork, and support will attract and retain employees with good behaviour.

### **Technology**

Financial Analysis Software (e.g., Bloomberg, FactSet): Explore specialized financial analysis software that provides comprehensive data, analytics, and visualization tools. These tools offer advanced features for portfolio analysis, risk assessment, and industry benchmarking.

Data Visualization Tools (e.g., Tableau, Power BI): Employ data visualization tools to create interactive charts, graphs, and dashboards. These tools improve user experience with visual representation of financial data while aiding in better comprehension and decision-making.

### **STATEMENT OF THE PROBLEM**

Financial stability is one of the most widely discussed issues in today's economic literature. The relevance of analyses on financial stability was first recognized during the international emerging in 2007. These developments prompted the need for continuously providing the professional public opinion with an up-to-date and reliable picture of the condition of a given country's financial sector. Owing to the mutual relations of dependence affording interpretation on both a vertical and horizontal level the analyses need to cover the whole financial intermediary system; in other words, in addition to the banking system, it is also necessary to analyze non-bank institutions that in some form take part in financial intermediation. These include numerous types of institutions, including brokerage firms, investment funds, insurers and other (various) funds. When analyzing the stability of an institutional system, we examine the degree in which the whole of the system is capable of resisting external and internal shocks. Of course, shocks do not always result in crises, but an unstable financial environment can in itself impede the healthy development of the economy.

### **SCOPE OF THE STUDY**

It helps the management

- To understand the causes of financial problems.
- To understand how to assess the effectiveness of motivational practices in the organization.
- To assess the resilience of financial systems
- It involves analyzing factors such as systemic risk, liquidity, solvency, and regulatory frameworks.
- Enhance the professional perception of the employees
- To ensure the stability of financial institutions and markets.

### **OBJECTIVE OF THE STUDY**

#### **Primary Objectives:**

A Study on financial stability towards Sri Amman Enterprises With special reference to Attur.

#### **Secondary Objectives:**

To allocate resources, assessing and managing financial risks, maintaining employment levels close to the economy's natural rate, and eliminating relative price movements of real or financial assets that will affect monetary stability or employment levels

A financial objective is a goal that businesses set for financial success and growth. A company's financial objectives can vary depending on multiple factors, such as the type of products and services it offers, how it operates and what its current requirements are.

To increase a business's profits or sales, but they may also focus on investments and economic stability. They are often measurable goals that businesses can track and reach. These objectives typically focus on long-term success

### **RESEARCH METHODOLOGY**

The research is based on the following methods.

- General scientific methods: analysis, synthesis, generalization, analog approach,

- modeling, logical method and classification.
- Empirical methods: observation, description, measurement, comparison, case method.
- An algorithm consisting of the following stages was used to highlight the research topic
- The concept of financial stability at the macro and micro levels is generalized
- The relationship between macroeconomic indicators and financial stability of business is defined.

### **SAMPLING DESIGN**

For the study two different types on non-probability sample design were used.

### **SAMPLING**

The technique adapted for the sample was disproportionate stratified sampling. From the universe, selected samples from various departments are chosen, thus, samples were selected for study and hence the sampling technique used was disproportionate stratified technique

### **SOURCES OF DATA**

#### **PRIMARY DATA**

Primary data for financial stability analysis typically includes financial statements such as balance sheets, income statements, and cash flow statements, as well as other relevant financial data like debt levels, liquidity ratios, profitability metrics, and asset quality indicators. Additionally, macroeconomic indicators and market data may also be considered depending on the scope of the analysis.

#### **SECONDARY DATA**

Secondary data for financial stability analysis refers to information that has already been collected and published by authoritative sources such as government agencies, central banks, international organizations, and financial research firms. This data can include economic indicators like GDP growth rates, inflation rates, unemployment figures, interest rates, and exchange rates, as well as industry-specific data and market trends. Analysts use secondary data to supplement and validate primary data, providing a broader context for assessing financial stability.

### **TOOLS USED FOR THE DATA ANALYSIS**

For the purpose of analysis and interpretation certain common methods were used through diagrammatic representation like pie diagrams and data collected by the questionnaire method and data analysis in percentage analysis. It is a descriptive type of study.

### **RESEARCH DESIGN**

The quantitative aspect of the research is central to the study. It initiates with the collection of historical financial data, encompassing key financial ratios, from a diverse sample of companies within the electrical sector. To ensure the data's quality and relevance, it undergoes a meticulous preprocessing phase, including data cleaning, identification of outliers, and feature engineering. This step ensures that the data is in optimal condition for analysis.

### **STATISTICAL TOOLS USED:**

Regression Analysis

Chi-Square

Correlations

Data visualization tools

### **REGRESSION**

Regression analysis is a statistical technique used to examine the relationship between dependent and independent variables. To explore the relationships between four independent variables, denoted as X1, X2, X3, and X4, and three distinct dependent variables: Cash Earnings Per Share (Cash EPS), Earnings Per Share (EPS), and Revenue. The aim of this analysis was to quantify and assess the impact of changes in X1, X2, X3, and X4 on these critical financial performance metrics.

Where

X1 = working capital/total assets

X2 = retained earnings/total asset.

X3 = earnings before interest and tax/total asset.

X4 = market value of equity/total liabilities

### **CHI-SQUARE TEST**

Chi-square test is a non-parameter test and is used most frequently by marketing researchers to test the rightness of hypothesis.

Hypothesis is a tentative and declarative statement formulated to be tested describing a relationship between two attributes.

Chi-square is symbolically written as tests aiming at determining whether significant difference exists between two groups of data.

### **CORRELATION**

There are several different correlation techniques. The survey systems optional statistics module includes the most common type, called the person or product moment correlation.

The module also includes a variation on this type called partial correlation. The latter is useful when you want to look at the relationship between two variable while removing the effect of none or two other variables.

### **DATA VISUALIZATION TOOLS**

Data visualization tools play a pivotal role by serving as an indispensable asset for transforming intricate financial data into comprehensible insights. In this research, I harness the power of data visualization tools such as SPSS along with Orange to create visually engaging charts, graphs, and plots. These visualizations assist in elucidating the relationships between key financial ratios, providing a clear understanding of the financial stability of Wire and cable industry. By representing data visually, these tools facilitate the validation and refinement of the Altman Z-Score Model, enhancing its effectiveness in predicting financial distress and thereby contributing to informed decision-making in the electrical sector.

### **LIMITATION OF THE STUDY**

Financial analysis relies on assumptions and estimates. Factors such as future market conditions, discount rates, and revenue projections involve inherent uncertainties, affecting the accuracy of analysis outcomes.

Ensure financial data is accurate and reliable by implementing robust data collection processes. Check the verifying sources, and conduct regular audits. Address data inconsistencies and errors promptly to avoid misleading results.

Be mindful of industry-specific factors when conducting analysis, such as seasonality, regulatory requirements, or specific revenue recognition methods.

Recognize that regulatory and accounting standards can change, impacting financial analysis. Stay updated with changes in regulations, accounting principles, and reporting requirements.

### **FINDINGS**

- To improve financial stability analysis and monitoring the development process.
- To develop standards to improve quality and utility of financial data.
- Filling data gaps and standardizing data are important.
- Balancing confidentiality with data sharing.
- To follow their plan to reduce losses
- Majority 34% of the works are fairly are neutral

### **SUGGESTION**

- It is suggested the company may reduce further its dept.
- Capital to increase the earnings per share of the shareholder.

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- It is recommended the combined leverage is very high by increased operating as well as financial leverage indicating increased total risk to the firm to it may be suggested to reduce financial leverage.
- It is suggested the net sales are decreased, so, measures need taken to improve the sales turnover.
- It is recommended that the company may use more unsecured loans rather than secured loans so as to reduce the interest burdens and thus the overall cost of capital.
- The company has to make sure of avoiding Bias.
- The company try to maintain Transparency.

## **CONCLUSION**

Financial analysis plays a crucial role in corporate decision-making and performance evaluation. By examining financial statements, assessing ratios, and analyzing trends, organizations gain valuable insights into their financial health, profitability, and efficiency. Financial analysis aids in identifying strengths, weaknesses, and areas for improvement, enabling informed strategic decisions. It helps organizations evaluate investment opportunities, manage risks, and enhance financial planning and budgeting processes.

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