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# A STUDY ON FINANCIAL PERFORMANCE ANALYSIS WITH SPECIAL REFERENCE OF LION DATE PVT LTD

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**Abstract**

*This study focuses on analyzing the financial performance of Lion Dates Pvt Ltd, a well-established firm in the Indian FMCG sector specializing in the processing and marketing of dates and allied products. Financial performance analysis is a critical aspect of organizational evaluation as it helps stakeholders, including management, investors, and creditors, assess the company's financial health, operational efficiency, and long-term viability. The study analyze different financial indicators such as profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios over a defined period. These indicators provide insight into how well Lion Dates Pvt Ltd utilizes its resources, maintains liquidity, controls costs, and generates returns for its stakeholders. By focusing on these ratios, the study aims to uncover both strengths and areas of concern in the company's financial practices and overall sustainability in a competitive market. The research methodology includes a combination of secondary data analysis drawn from the company's annual reports, financial statements, and industry benchmarks. The analysis interprets year-on-year financial data to evaluate trends, compare performance with competitors, and determine the impact of external and internal factors on the company's profitability and growth. The findings aim to offer strategic insights that can guide the company's future financial planning and investment decisions. Ultimately, this study provides a comprehensive assessment of Lion Dates Pvt Ltd's financial standing, which will be valuable for internal management as well as external stakeholders such as investors, creditors, and market analysts seeking to understand the company's financial integrity and potential for expansion.*

***Index Terms: Financial Performance, Profitability Ratios, Liquidity Ratios, Solvency Ratios, Efficiency Ratios, Lion Dates Pvt Ltd, Financial Analysis, FMCG Sector, Annual Reports, Investment Decisions.***

## Introduction

Finance being an important part of business has extended its scope to wider paradigms in the recent years. Due to its growing significance in today's corporate world there has been introduction of scientific analysis of the financial information. Financial` Management is surrounded by financial planning and decision making either for long term or for short term and further to analyze the implications of such decision on the firm. Any firm makes its financial planning on the basis of its past records. The data works as a stimulus to create future decisions. Using the past financial information any firm would know if it is able to maintain the same trend or has its position deteriorated or improved over the years.

The explanation behind ratio analysis lies in the fact that it makes data similar. It is a systematic use of ratio to interpret the financial performance so that the strengths and weaknesses of a firm as well as its historical performance and current financial condition can be determined. The financial performance provide a summarized view of the financial position and operations of the firm. A lot of

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things can be learnt on analyzing the financial data and information regarding its operations. The financial performance is considered as the performance reports of a firm on the observation of which much can be understood.

The analysis of the fiscal performance is a process of assessing the connection between element parts of fiscal performance to gain a better understanding of the establishment's position and performance. The financial performance can be analyzed by calculating various rates and interpret them in a proper manner. Accordingly rate analysis is considerably- used tool for fiscal analysis.

Ratios are relative figures reflecting the connection between the variables. They enable us to draw conclusions viewing fiscal assignments. Compare with merged data is the medium of ratio analysis. Four types of comparison are involved:

1. Trend ratios: Trend ratios involve comparison of the ratios of the firm over time, that is, present ratios are compared with past ratios of the same firm. These indicate the direction of change in the performance of the firm.
2. Inter-firm comparison: These involve comparison of the ratios of the firm with those of others in the same line of business or for the industry as a whole reflects its performance in relation to its competitors.
3. Comparison of items within a single year's financial statement of a firm: These ratios involve the comparison of various items within the balance sheet of the firm in order to understand how one variable in the balance sheet can impact over the other.
4. Comparison with standards or plans: this kind of analysis helps in knowing to what extent have the firm been able to achieve the set standards and where have the firm been not able to commensurate with the planned action.

**Need for the Study**

The Financial Performance Analysis of Lion Dates is essential for several reasons, as it plays a crucial role in assessing the company's financial health, guiding future decision-making, and improving overall business operations. This study will provide insights into the company's profitability, liquidity, efficiency, and solvency Lion Dates, like any other business, needs to maintain a solid financial position to ensure its long-term survival and growth. Financial performance analysis helps assess the company's ability to meet its short-term and long-term obligations. By evaluating its financial statements and ratios, the study will help understand the overall financial health of the organization. the financial performance of Lion Dates is integral to understanding its current financial health, operational efficiency, and long-term sustainability. It will provide the necessary information for making strategic decisions, improving profitability, managing risks, and achieving growth. Furthermore, it will help build stakeholder confidence, support expansion efforts, and ensure that the company is financially positioned to meet future challenges and opportunities.

**Scope of the Study**

The scope of the study on Financial Performance Analysis with Special Reference to Lion Dates can be outlined to focus on the assessment and evaluation of the financial performance of Lion Dates over a specific period. The study aims to examine the company's financial statements, evaluate its financial health using key financial ratios, and provide insights into the company's growth, profitability, liquidity, and overall business performance. This will also include a comparison of the financial results across various periods to identify any significant trends. The scope of this study aims to provide a detailed analysis of Lion Dates' financial performance by reviewing key financial

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statements, calculating important financial ratios, and comparing results over time. The findings will offer valuable insights into the company's profitability, liquidity, solvency, and efficiency, ultimately helping to assess its financial health and areas for potential improvement.

**Literature Survey**

**Kumar Neeraj & Kaur Kuldip (2024)** made an attempt to test the size and profitability relationship in the Indian automobile industry. To analyze the relationship linear regression model as well as cross-sectional has been employed for the year 1998to 2014.For profitability analysis two different measures have been used (i) ratio of net profit to total sales turnover (ii) ratio of net income to net assets plus working capital and for form size two indicators used namely, total sales turn over and net assets. The time series analysis showed the positive relationship between firm size and profitability but cross sectional show no relationship between firm size and profitability.

**Ravichandran, M. & Subramanium M Venkata (2024)** the main idea behind this study is to assessment of viability, stability and profitability of Force motors limited. Operating position of the company can be measured by using various financial tools such as profitability ratio, solvency ratio, comparative statement & graphs etc. This study finds that company has got enough funds to meet its debts & liabilities. Company can further improve financial performance by reducing the administrative, selling & operating expenses.

**Mathur Shivam & Agarwal Krati (2024)** Ratio's are an excellent and scientific wait analyze the financial performance of any firm. The company has received many awards and achievements due to its new innovations and technological advancement. These indicators help the investors to invest the right company for expected profits. The study shows that Maruti Suzuki limited is better than Tata motors limited.

**Kumar Mohan M.S, Vasu. V. and Narayana T. (2023)** the study has been made through using different ratios , mean, standard deviation and Altman's Z score approach to study the financial health of the company. The study reveals there is a positive correlation between liquidity and profitability ratios except return on total assets as well as Z score value indicate good health of the company.

**Kaur Harpreet (2023)** the author tries to examine the qualities & quantities performer ofmaruti Suzuki co. & how had both impact on its market share in India, For this study secondary data has been collected from annual reports, journals, report automobile sites. Result shows that MSL has been successfully leading automobile sector in India for last few years.

**Smith and Sell (2022)** wide range of surveys have been used to study Finance Performance policies overall and the practices to manage different components of net Finance Performance separately. Cash and marketable securities, accounts receivable, inventories, accounts payable and short-term loans have been studied. These surveys show that most of the companies have informal policies for Finance Performance management. The most important action in Finance Performance management is the collection of accounts receivable followed by efficient inventory management.

**Statement of the Problem**

The current, quick and net working capital ratios enumerate that the company is in a favorable short term liquidity position, which is of utmost importance to the short term creditors as they commensurate with the standards. The company's long term liquidity is beyond satisfaction. The company on the outset has a risk averting nature that is why full utilization of debts is not done. The gross profit margin was fluctuating throughout the period of 5 years. GPM & NPM were below satisfaction owing to the high operating expenses and other costs; however the GPM & NPM gradually rose in the later years. ROI ratios are maintained at adequate level. The activity ratios have shown that the current assets are better managed whether it is inventory or the debtors. Fixed assets require more attention.

**Objectives of the Study**

The primary objective of this study is to explore demographic profile and artificial intelligence on higher education teachers in select countries.

- To Analyze the financial position of Lion dates Impex Pvt.
- To Analyze the solvency and liquidity position of the business concern
- To Measure the financial efficiency and profitability position of the Lion dates Impex Pvt
- To suggest measuring for improvement of financial performance of the Lion dates Impex Pvt.

**Research and Methodology**

**1.1 Research Design**

Research design is the arrangement of conditions for collections and analysis of data in manner that image to combine relevance of the research design in the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of data.

**1.2 Methods of Data Collection**

We have made use of both primary and secondary data in this study.

1.2.1 **Primary Data**:

- The financial information is collected from the personal interaction with the financial managers of Lion dates Impex.
- About the organization, information is collect from all departments of Lion dates Impex by the help of Accounts department

1.2.2 **Secondary Data**: The data required for the study has been collected from secondary source. Bank balance sheet and profit and loss account. Secondary data is second hand information.

- This is collected through Lion dates Impex
- About Financial information by collecting 5 years financial performance of Lion dates Impex
- Other information collects from records from concern department of Lion dates Impex
- The information related to the organization that is collected from industries/organization.

**1.3 Statistical Tools**

- Ratio Analysis

**Current Ratio**

This ratio indicates the rupees of current assets available for each rupee of current Liability. By this ratio we can see the stability of the firm or short term financial position of the firm. The ratio is calculated as fallows;

**Current ratio= current assets/current liabilities**

**Quick /Liquid/Acid Test Ratio:**

It shows the relationship between quick assets & quick liabilities. It shows the business solvency or strength of liquidity. That is calculated as

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**Quick ratio= Quick assets/ Current liabilities**

**Net Working Capital Ratio**

Net working capital ratio shows how much of a company's current liability can be met with the company's current assets. The net working capital ratio is the measure of a company's capability in meeting the obligations that must be paid within the foreseeable future. Therefore, it shows the liquidity that is available with the company to meet the liabilities

**Net Working Capital Ratio = Net Working Capital/Net Assets Activity Ratios**

The ratio is calculated by dividing the net sales by the working capital. The ratio helps you figure out the net annual sales generated by the average amount of working capital during a year.

**Asset Turnover Ratio = Revenue ÷ Average Total Assets**.

**Debtors Turnover Ratio**

This ratio indicates the extent to which the debts have been collected in time. It gives the average debt collection period. The higher is the turnover ratio and shorter is the average collection period the better is the trade credit management and the better is the liquidity of debtors, as short collection period and high turnover ratio imply prompt payment on the part of debtors.

**That is calculated as follows**

**Debtors collection period=no of days in a year/debtors turnover ratio**

**Assets Turnover Ratio**

This ratio measures the efficiency and profit earning capacity of the organization. Higher ratio indicates intensive utilization of fixed asset. Lower ratio indicates underutilization of assets.

**Fixed Asset – Turnover Ratio: Cost Of sales/Fixed asset**

**Current Assets Turnover Ratio:**

It indicates the percentage of owners fund invested in fixed asset. if ratio is greater than 1,it means that creditors obligation have been used to acquire a part of the fixed assets.

**Total Assets Turnover Ratio**

**Current Asstes=Fixed asset/Shareholders funds**

It indicates the percentage of owners fund invested in fixed asset. if ratio is greater than 1,it means that creditors obligation have been used to acquire a part of the fixed assets.

**Total Asset to Proprietor's Ratio=Fixed asset/Shareholders funds**

**Capital Turnover Ratio**

Working capital turnover ratio can be calculated by dividing the net sales done by a business during an accounting period by the working capital.

Capital Turnover = **Total Sales / Shareholder's Equity**

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**Debt-Equity Ratio**

The debt-to-equity ratio (D/E ratio) shows how much debt a company has compared to its assets. It is found by dividing a company's total debt by total shareholder equity. A higher D/E ratio means the company may have a harder time covering its liabilities.

Debt/equity = Total debt/ total shareholder's equity

**Solvency Ratios**

**Debt to Total Capital Ratio**

This ratio indicates the extent to which the debts have been collected in time. It gives the average debt collection period. The higher is the turnover ratio and shorter is the average collection period the better is the trade credit management and the better is the liquidity of debtors, as short collection period and high turnover ratio imply prompt payment on the part of debtors.

**That is calculated as follows:**

**Debtors collection period=no of days in a year/debtors turnover ratio**

**Interest coverage ratio**

The interest coverage ratio is used to measure how well a firm can pay the interest due on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) by its interest expense during a given period.

**Interest Coverage Ratio (ICR) = EBIT / Interest Expense**

**Net Profit Margin**

This ratio is also known as net margin. This measures the relationship between net profit and sales of a firm. Depending on the concept of net profit employed, it is calculated as follows

**Net profit ratio=Net Profit/net sales *100**

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## 2. Data Analysis and Interpretation

### 2.1 Liquidity Ratios

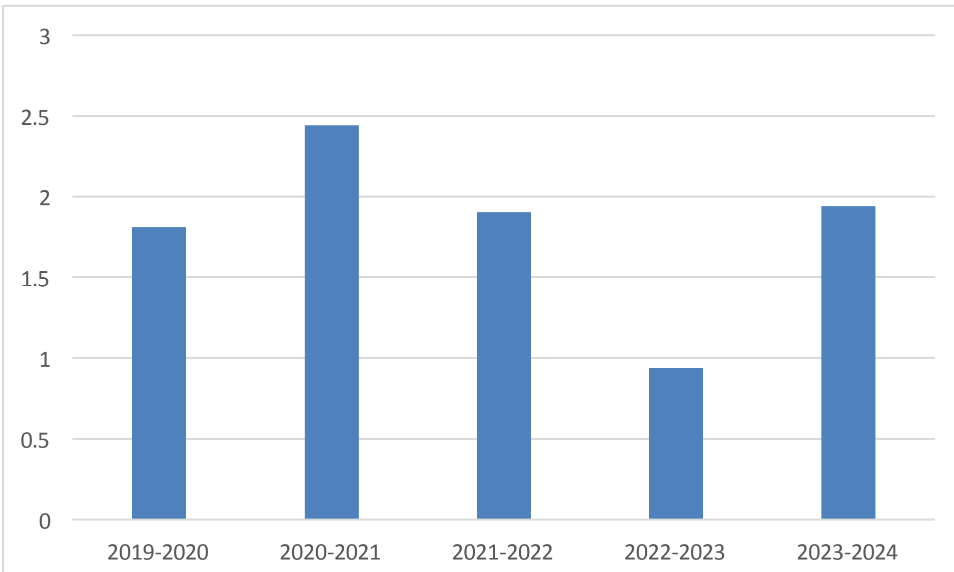
**Table No: 8.1**

| Year | Current Assets | Current Liabilities | Ratio |
|---|---|---|---|
| **2019-2020** | 60981.33 | 23744.25 | 2.568 |
| **2020-2021** | 63063.52 | 23072.27 | 2.733 |
| **2021-2022** | 53951.48 | 21480.90 | 2.512 |
| **2022-2023** | 120627.29 | 63342.50 | 1.904 |
| **2023-2024** | 86811.49 | 36253.41 | 2.395 |

**Interpretation**

The above table reveals the current ratio of the firm for five succeeding years. The higher the current ratio, higher is the liquidity of the firm, which also means lower profitability but by maintaining a consistent ratio the firm has managed a trade-off between liquidity and profitability. However, the ratio has declined in the year 2021-22. When seen for the five years from 2020-21**,** which showed a considerably high ratio of 2.5:1 to 2021-22 which reduced its current ratio to 1.9:1. In the years 2019-20 and 2022-23 the current ratios were the low. The industry ratio is 2:1,that is, for every rupee of current liability the firm must have two rupees as its current assets to pay them off. The company complies with the industry average.

**Chart No 8.1 Liquidity Ratios**




**2.2 Quick Asset Ratio**

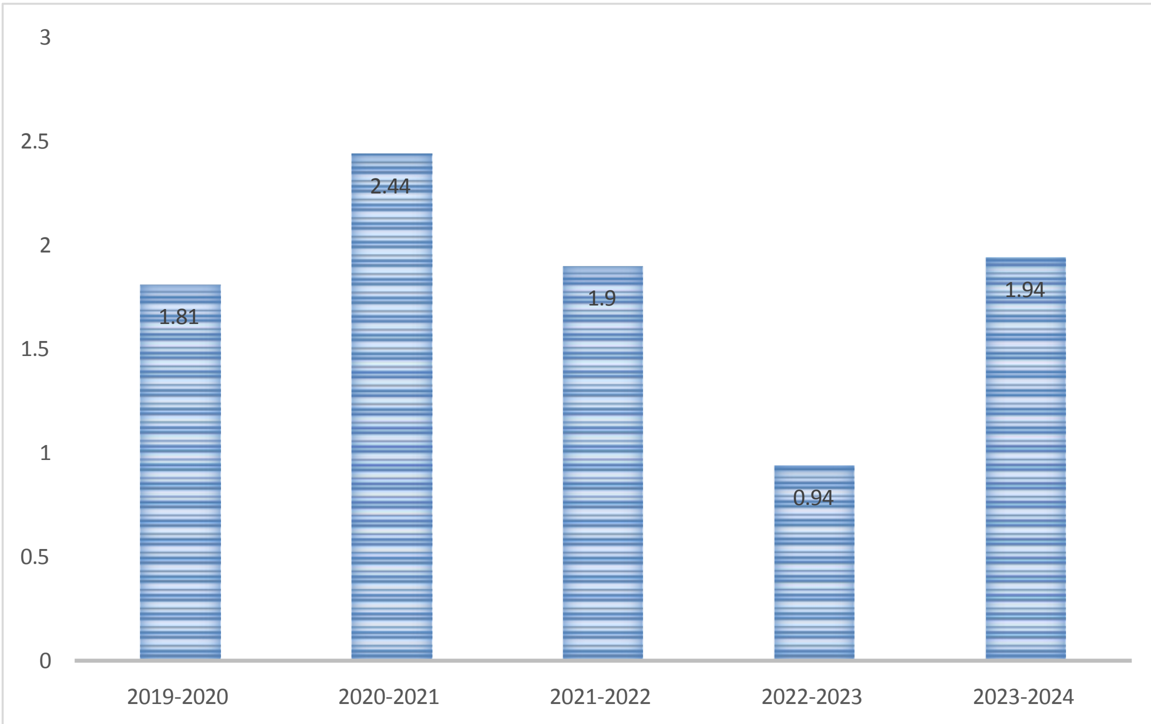
**Table No: 8.2**

| Year | Quick Assets | Current Liabilities | Quick Ratio |
|---|---|---|---|
| 2019-2020 | 35462.81 | 23744.25 | 1.49 |
| 2020-2021 | 40039.45 | 23072.27 | 1.74 |
| 2021-2022 | 33644.86 | 21480.90 | 1.57 |
| 2022-2023 | 76410.28 | 63342.50 | 1.21 |
| 2023-2024 | 49123.21 | 36253.41 | 1.35 |

**Interpretation**

The table above gives an idea about the quick assets held by the company as against their current liabilities. It can be interpreted as for every one rupee of current assets the company holds Re.1.74 in the year 2021-22. Investing more in the liquid assets would affect the profitability. Therefore the company has been cautious enough to reduce the amount of quick assets to current liabilities ratio. The company has thus been reducing the investment in the liquid assets. The quick ratio was nearly Rs. 2 in the year 2019-20 which came down to Rs.1.50 in the year 2019-2020. Since then the quick ratio has been on the declining trend. The industry average for the quick ratio is 1:1. This means that the company has been able to comply with the standards with ease.

**Chart No : 8.2 Quick Asset Ratio**




**2.3 Net Work Metaling Capital Ratio**
**Table: 8.3**

| Year | Net Work Metaling Capital | Net Assets | NWCR |
|---|---|---|---|
| **2019-2020** | 37236.08 | 103740.45 | 0.359 |
| **2020-2021** | 39991.25 | 99958.87 | 0.400 |
| **2021-2022** | 32470.58 | 91962.70 | 0.353 |
| **2022-2023** | 57284.79 | 233950.91 | 0.245 |
| **2023-2024** | 50558.08 | 163964.37 | 0.308 |

**Interpretation**
In the above table, one can see that the net work Metaling capital has been increasing but at a declining rate which is why the ratio has been on the decreasing over the five financial year period. One can observe that the ratio in the year 2022-23 was the highest which gradually the level of 0.308 in the year 2019- 2020, then to 0.359 in the year 2021-22, finally to 0.245 in the year 2020-22.This means that if the capital employed(net assets) is Rs.100 then the net work Metaling capital was Rs. 40 in the year 2019-20, Rs. 30.8 in the year 2022-23 and Rs.24.5 in the year 2021-22.

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**Chart No: 8.3**
**Net Work Metaling Capital Ratio**

## 2.4 Activity Ratios

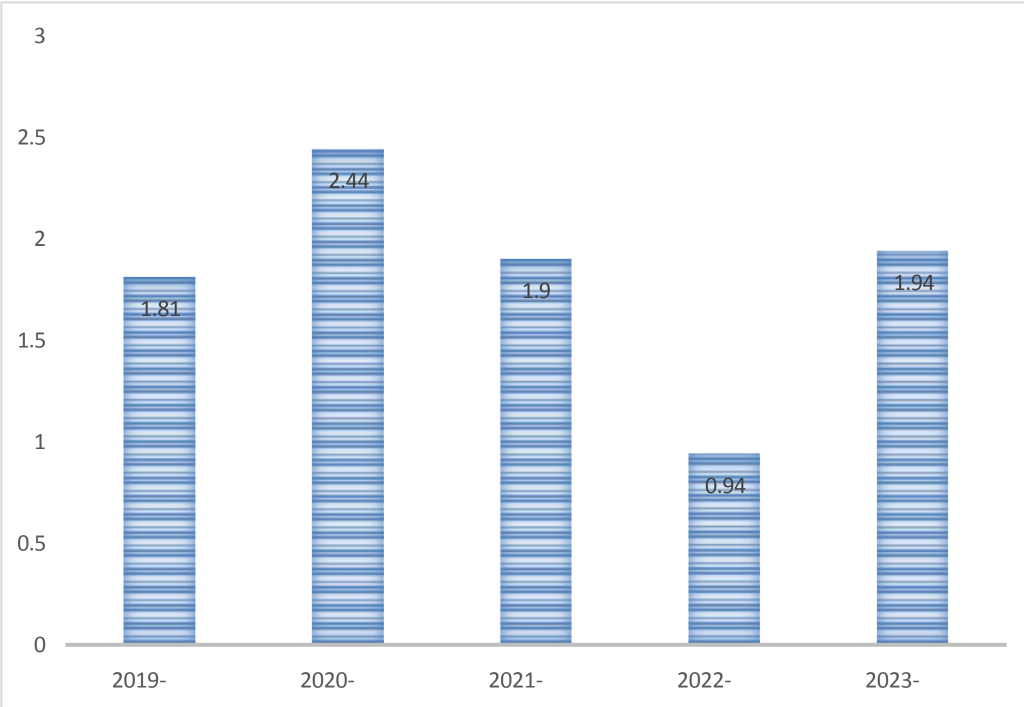


**Table: 8.4**

| Year | Sales-G/P Margin | Average Inventory | ITR(in times) | Inventory Holding Period(in months) |
|---|---|---|---|---|
| **2019-2020** | 180399.96 | 31603.40 | 4.71 | 2.10 |
| **2020-2021** | 148161.46 | 24271.29 | 6.10 | 1.97 |
| **2021-2022** | 130694.99 | 21664.34 | 6.03 | 1.99 |
| **2022-2023** | 115534.31 | 19954.06 | 4.79 | 2.07 |
| **2023-2024** | 234328.97 | 40952.65 | 4.72 | 2.10 |

**Interpretation**

This table clearly shows the time taken by the inventory to turn into cash. In the year 2021-22 it can be observed that inventory turns almost every 2 months. In the sense that the inventory runs fast i.e., it runs for almost 6 times in the same year. Whereas in the other years that is the four preceding years one can see that the inventory took almost the same time. However it had been nominally high in the years 2019-20 through efficient management and sudden rise in the demand for Lion dates .

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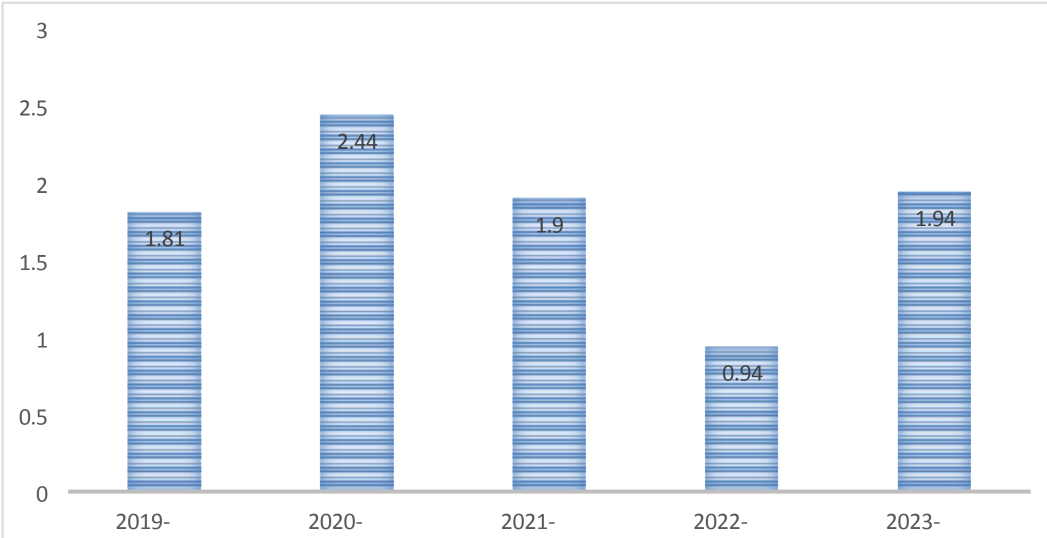
**Chart No: 8.4 Activity Ratios**




## Findings

The following are the findings of the analysis done on calculation of various ratios and percentages in order to study the financial health of the company over a period of five years.

- The current ratio has been according to the standards prescribed by the industry. The company maintained the current ratio above the industry standards in the previous years.
- The quick ratio also was maintained high by the company. This shows the inclination of the company towards liquidity. The liquid assets held by the company were more. The company has constantly been keeping up the quick ratio above the standards of 1:1 emphasizing on short-term liquidity.
- The network Metaling capital ratio has been on fall like the other two ratios. The network Metaling capital has been on decline from year to year giving away the pattern of justified liquidity towards which the company is slowly moving from excessive liquidity. Despite the rise in the work metaling capital year on year the ratio shows the declining trend.
- The debt to equity ratios have been below the industry standard of 2:1. The company has been not utilizing the debts fully in its capital structure. Though the company has been increasing the debt level in its capital structure year after year the company has not been able to increase the debt-equity mix in the total assets of the company.
- The total debt to total assets ratio shows the extent of the hold of creditors in the total assets (total capital). The ratio had been in the range of Re.0.40 to Re.0.45 per Re.1 of the total assets whereas the standards specify that the satisfactory level of debt to total assets is 2/3rd or 66% of the total assets.
- Interest coverage ratio has been above satisfaction for the company. The company in the recent years (2019-20 & 2022-2023) has been considerably good. This explains that company is in a position to service its debts with ease by such higher coverage ratio.

## Conclusion

The company has diverse business at various locations. The financial strength depends on the operation of all the units of the company. From the performance evaluation of the company for five years, using the financial information made available one can conclude that the company had been running its business in a very safe mode by taking fewer risks. However, it is very essential that the

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company uses the market opportunities of debt in order to have advantage in its capital structure. This would help the company to maximize the owners' wealth. Financial performance of the company illustrates that the company had been into lot of financial turbulences in the past five years. The company had seen a great fall in the profitability in the years 2019 -2020 & 2023-2024 owing several reasons for such decline. Prior to these times also the company did n't present excellent results. Despite all the steep falls in the finances and the profitability of the company especially in the financial years2019 -2020 & 2023-2024 it has been able to come out of the crisis and rise to profitability. This is a sign of proper management of the company as well as its overall finances.

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