

# A Study on Financial Performance Analysis Towards Tube Investments of India Limited at Chennai

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**Abstract:** This research assesses the financial results of Tube Investments of India Limited from 2019–2020 to 2023–2024. It employs various methods, including ratio analysis, trend examination, common size and comparative statements, along with DuPont analysis driven by secondary financial information. The results indicate significant increases in assets, investments, and equity throughout the examination period. Nonetheless, the firm encounters liquidity issues, as shown by its low current and quick ratios. Profitability experienced a downturn in 2022–2023 but exhibited signs of recovery in 2024. The DuPont analysis reveals variations in return on equity attributed to shifts in profit margins and efficiency of assets. The organization has decreased its debt levels, leading to enhanced long-term financial security. All in all, although the growth potential is promising, there is a need for improved liquidity and stable profitability

**Keywords:** Financial Performance Analysis, Ratio Analysis, Liquidity, Profitability, Solvency, Efficiency, DuPont Analysis, Working Capital Management, Financial Statements, Tube Investments of India, Trend Analysis, Comparative Analysis, Bicycle Manufacturing Industry, Financial Stability, Return on Equity (ROE)

## INTRODUCTION

Financial performance analysis is the process of finding the financial strengths and weaknesses of a company by looking at its financial statements. The weaknesses of the company by appropriately defining the link between balance sheet items, account sheet and profit and loss. Additionally, it aids in both short- and long-term prediction. Financial performance analysis helps to pinpoint growth. The dictionary To analyse is to break something down into its constituent elements in order to better understand it. tracking their relationship to the things as a whole and to one another. Financial review of A financial statement is a process of evaluating the relationship between the component parts. This statement to help one better grasp the company's status and performance. This study Management of the company or outside entities, including owners, may take on Investors, creditors. "Financial performance analysis is a technique for assessing the connection" between the sections of a financial statement for a clearer picture of a company's financial health. place and performance. Financial analysis seeks to identify the information financial statements provide all the information you need to evaluate a company's profitability and financial health. company. A doctor evaluates his patient by noting his body temperature, blood pressure, among other things. etc. Prior to drawing his conclusions about the disease and dispensing therapy.

## I. REVIEW OF LITERATURE:

Zhao et al. (2024): Big data–driven techniques significantly enhance enterprise financial risk analysis and decision-making accuracy. Stephen H. Penman (2024): Effective financial statement analysis combined with accounting quality assessment improves valuation and investment decisions. Ross, Westerfield & Jaffe (2023): Corporate finance principles link financial performance metrics directly to firm valuation and shareholder wealth maximization. Bhattacharya (2023): Efficient working capital management strengthens liquidity and profitability, improving overall financial performance. Altman (2023): The Z-score model uses financial ratios to accurately predict corporate bankruptcy and assess financial health. Nattarinee Kopecka (2023): Financial performance metrics in accounting statements play a crucial role in evaluating company value and decision-making. Ait Jillali & Belkasseh (2023): Financial performance alone is insufficient, requiring integration with non-financial indicators for comprehensive evaluation. Prasanta Paul (2022): Comparative financial analysis of NBFCs reveals differences in profitability and efficiency due to varying financial strategies. Sukenti (2022):

Strong liquidity and profitability reduce financial distress and enhance a firm's financial stability. Muthu Prakash & Lakshmi (2022): Ratio analysis over time helps assess financial strengths, weaknesses, and growth potential of firms. Kidschun et al. (2022): Digital transformation positively impacts financial performance by improving efficiency, profitability, and competitiveness. Imaeka I. Charles (2023): Amazon outperformed during COVID-19 due to innovation and strong business models despite competitive and operational challenges. Daryanto & Rizk (2022): COVID-19 significantly weakened construction firms' financial performance, worsening pre-existing financial instability.

## II. OBJECTIVES OF THE STUDY

The main objective of this study is to examine the performance analysis towards tube investments of India

The following are the study's particular goals:

- To identify the liquidity & solvency positions of the company during the study period (2019-2024).
- To measure the efficiency of the company for the study period (2019-2024).
- To determine the comparative, common size & cash budget statement for the study period (2019-2024).
- To analyze the operational efficiency of the company using Dupont analysis
- To provide appropriate suggestions for the better performance of the organization.

## III. RESEARCH METHODOLOGY

Type of study: Analytical study: It uses secondary data from company financial statements to assess liquidity, solvency & efficiency

Data Source:

- Secondary Data: Extracted from published financial statements (Balance Sheet, Profit & Loss Account, Cash Flow Statements).
- Ratios and trend percentages are computed using figures from 2019–20 to 2023–24.

Tools of Analysis:

The methodology applies financial ratio analysis and trend analysis:

(a) Liquidity Analysis

- Current Ratio = Current Assets ÷ Current Liabilities → Measures short-term solvency.
- Liquid Ratio (Quick Ratio) = Quick Assets ÷ Current Liabilities → Excludes inventories and prepaid expenses.
  - Absolute Liquidity Ratio = (Cash + Bank + Marketable Securities) ÷ Current Liabilities → Focuses on immediate liquidity.

(b) Solvency Analysis

- Debt-Equity Ratio = Total Long-Term Debt ÷ Shareholders' Funds → Evaluates long-term financial stability.

(c) Efficiency Analysis

- Inventory Turnover Ratio = Net Sales ÷ Average Inventory → Assesses inventory management efficiency.

(d) Trend Analysis

- Sales, Net Profit, and Expenses were analysed using trend percentages. This highlights growth, decline, or stability in performance.

Statistical Techniques

- Percentage Analysis: Used to express ratios and changes in relative terms.
- Comparative Analysis & Common size analysis: Year-on-year comparison of ratios and financial indicators.
- Graphical Representation: Charts and tables were used to visually interpret trends

## V RESULTS & DISCUSSION

**Table 1: Trend Analysis**

S. No.	Year	Sales Amount	Sales Trend %	Net Profit Amount	Net Profit Trend %	Total Expenses Amount	Total Expenses Trend %
1	2019-20	12393.36	100	631.30	100	10365.13	100
2	2020-21	14134.08	114.04	565.98	89.65	12228.27	117.97
3	2021-22	12481.20	100.71	433.71	68.70	11332.75	109.33
4	2022-23	9943.43	80.23	29.38	4.65	9352.99	90.23
5	2023-24	14485.93	116.88	334.81	53.03	12588.16	121.45

Source: Secondary data

### FINDINGS

The sales, Net profit and Total expenses percentage were above 100% in the year of 2022. The company's net profit decreased by 53.03% to trend percentage in 2022. Sales trend percentage is 116.88percent in 2022, and the next Total expenses percentage is 121.45 in 2022.

**Table 2: DuPont Analysis For 2024**

Component	Formula	Value
Net Profit Margin	$334.40 \div 13,562.18$	<b>2.46%</b>
Asset Turnover	$13,562.18 \div 6,688.21$	<b>2.03x</b>
Equity Multiplier	$6,688.21 \div 4,381.48$	<b>1.53x</b>
<b>ROE</b>	$2.46\% \times 2.03 \times 1.53$	<b>7.6%</b>

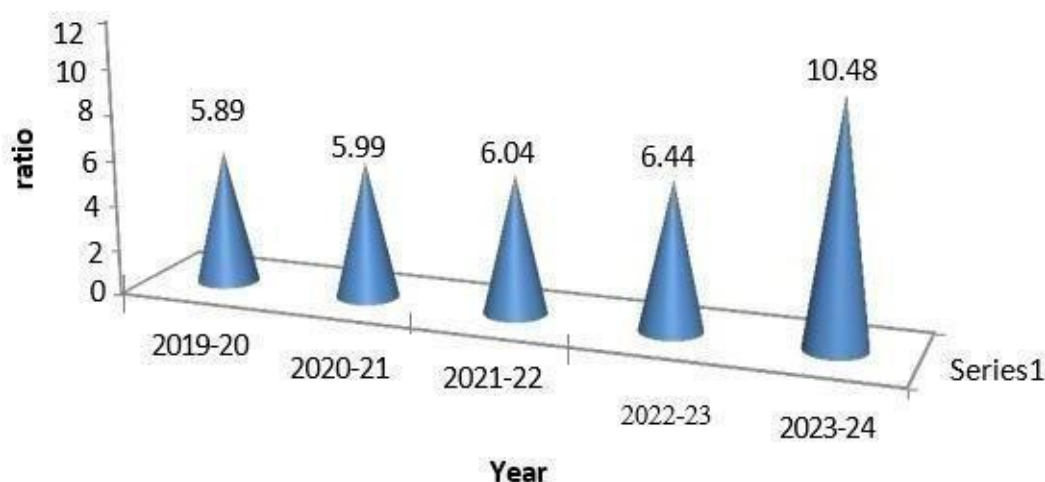
### FINDINGS

In 2024, performance showed signs of recovery, with the **Net Profit Margin improving to 2.46%**. Efficiency also strengthened, as the **Asset Turnover ratio rose to 2.03x**, indicating better asset utilization. The **Equity Multiplier declined to 1.53x**, reflecting reduced leverage compared to earlier years. Despite lower financial leverage, the combined effect of improved margins and turnover lifted the **ROE to 7.6%**. This marks a modest rebound from the near-collapse in 2023. The recovery was driven mainly by operational improvements rather than debt usage. Overall, 2024 reflects cautious stabilization, though profitability remains below earlier highs.

### INFERENCE

In 2024, the company showed recovery, with margins and asset turnover improving. ROE rebounded to 7.6%, though still below earlier highs. Reduced leverage limited risk but also constrained amplification of profits. The year reflects cautious stabilization, driven mainly by operational improvements.

### CHART SHOWING INVENTORY TURNOVER RATIO



### FINDINGS

High turnover suggests efficient inventory control, sound sales policies, trading in quality goods, reputation in the market, better competitive capacity and so on. The ratio is observed that it shows the good position as far as Inventory turnover ratio is concerned; although it shows a varying trend till 2020 it increases in 2024.

### IV. SUGGESTIONS

The firms have low current ratio so it should increase its current ratio where it can meet its short term obligation smoothly. Liquidity ratio of the firm is not better liquidity position in over the ten years. So that the firm maintain proper liquid funds like cash and bank balance. The firm has high inventory, so that the firm must reduce the stock and increase the sales. The direct material cost of the firm is very high so the firm has to decrease the direct material cost by purchasing raw material from the other suppliers. The firms should have proper check on the manufacturing process of the plant. Each and every year inventory level should be flexible for the stock level. The company should control fluctuations in cash and bank balances as it impacts the current ratio of the company.

### V. CONCLUSION

The project entitled “A Study on Financial Performance analysis of Tube Investment” was undertaken with the objective of financial performance and to examine the profitability performance of the company. From the study, Gross Profit and Net profit position was good. This project of financial performance analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of how to analyse the financial performance of the firm. The study undertaken has brought in to the highlight of the following conclusions. According to this project I came to know that from the analysis of financial performance of that company.

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