Analyses And Financial Performance Of Tamilnadu Papers Ltd

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ABSTRACT
Financial analysis is to identify the financial strengths and weaknesses of the firm by properly establishing relationship between the items of the balance sheet and profit and loss account, and other operative data. The current study covers a period of five years (From 2004 – 2005 To 2008 – 2009). The study aims at assessing the liquidity, profitability position of the company. It is analyzed by using the rations Trend analysis, cash flow and comparative balance sheet. The analysis reveals that the company’s short term solvency position is not up to the optimal level but the long term solvency position is satisfactory so the company has wealthy condition in long term and increase their current assets like cash and bank balances.

INTRODUCTION OF THE STUDY
The purpose of the financial analysis is to identify the financial strengths and weaknesses of the firm by properly establishing relationship between the items of the balances sheet and profit and loss account, and other operative data.

These statements may be more fruitfully used if they are efficiently analyzed and interpreted to have a better insight about the financial strength and weakness of an enterprise. The management of the firm would be interested in every aspect of the financial analysis.

The management has overall responsibility to see that the resource of the firm used most effectively, and that firm’s financial condition is sound.

HISTORY OF PAPER INDUSTRY
In the modern age, paper has occupied significant place in the affair of men. The hunger of knowledge do acquired in order to pass it on the future generation has been a problem for our ancestors. Our accent stages (Riches) handed down their knowledge by word of mouth from generation to generation. For this purpose, man has also been using a number of articles such as carryings on animal skin, rocks, metal sheet and leaves of various ways etc. After that palm leaves were used for communicating process. Then metal sheets were made. communication used to be done through them by inscribing with sharp instruments. In olden days the kings are used silken cloth to write important documented, nut all these modern preservation of knowledge were not satisfactory. Hence, research for a better convent substitute articles was continuous.

ORIGIN OF PAPER
Paper owes its origin to papyrus which grew in abundance in the delta of Egypt. After processing the leaves it was used as a writing material. This method was followed by ancient Egyptians.

THE ART OF PAPER MARKETING
During the first century A.D. the hand made paper was made by Chinese. Who thus contributed one of the most important discovering to worlds progress. They used rugs it was not until the end of the 18th century that paper was made in machines in a continue of sheets with the advanced of machines made paper hand made paper industry has steadily lose importance and the art has gradually field out.
FIRST PAPER MILL IN THE WORLD

The establishment first paper mill was took place in china when paper was made in those place in 793 AD. After 40 years one paper mill was established on Hainault in France. Then the paper making entered England via Switzerland and Netherlands. In 1800 a block was published that book described some partial methods for many acuter paper from wood pulp and vegetable pulp.

PAPER INDUSTRY IN INDIA

In the paper industry was started as early in 1832. The production of machine made paper in India dates back to the year 1870. When the first paper mill named Bally Mills was started on the bank of Hooghly and it is in the is beigh-borhood that. Principal seat of the industry still exists.

BEST PAPER MILL 2001-2002

TNPL has been given the prestigious award “Paper Mill of the year 2001-2002” for TNPL’s overall performance, approaches for meeting social obligations, ensuring global competitiveness, sustainable development & technology options by the Indian paper manufactures association New Delhi.

OBJECTIVES OF THE STUDY

- To study and identify the exactly financial performance of the company.
- To study and evaluate the financial efficiency and strength at the company.
- To suggest for further improvement of any.

SCOPE OF THE STUDY

The study aims at assessing the liquidity, profitability position of the company. It is analyzed by using the ratios, Scheduled of changes in working capital, Trend analysis, Trend forecasting analysis, cash flow and comparative balance sheet. The study is meant to throw the light on the financial performance of TNPL, which is limited to five years financial statements only. Tools like ratio analysis and cash flow analysis are used for the analyzing the secondary data. The study also provides suggestions based on the findings.

LIMITATIONS OF THE STUDY

- The ratio are only indicators, they cannot be taken as final regarding financial position of the firm.
- Price level changes and economic changes are not considered.
- The future is uncertain hence the future cost of goods sold, sales and net profit predicated is subject to change with other factors.

Table No. 1.1
CURRENT RATIO

<table>
<thead>
<tr>
<th>S.No</th>
<th>Year</th>
<th>Current Assets</th>
<th>Current Liabilities</th>
<th>Current Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2004-2005</td>
<td>38734.43</td>
<td>23349.85</td>
<td>1.65:1</td>
</tr>
<tr>
<td>2</td>
<td>2005-2006</td>
<td>39633.87</td>
<td>22972.39</td>
<td>1.72:1</td>
</tr>
<tr>
<td>3</td>
<td>2006-2007</td>
<td>36790.98</td>
<td>25832.12</td>
<td>1.42:1</td>
</tr>
<tr>
<td>4</td>
<td>2007-2008</td>
<td>39051.45</td>
<td>31047.98</td>
<td>1.26:1</td>
</tr>
<tr>
<td>5</td>
<td>2008-2009</td>
<td>52749.06</td>
<td>32197.02</td>
<td>1.64:1</td>
</tr>
</tbody>
</table>

Source: 2004-2009 Annual Reports of TNPL

An ideal current ratio is 2:1 some the year 2005-2009 amount is less than the ideal ratio. In 2005-206 it will be greater than the previous years. 2006-2007 it will be less than 2005-2006. In 2008-2009 it will be greater than the previous years. So the company should increase their current assets likes cash and bank balances etc.,
The net profit was low the year 2004-2005. Then it has been increased to 10.38 in 2005-2006 and high level of 11.06 in 2007-2008. Then the last year it has been decreased.

**FINDINGS**

- The current ratio reveals that the current ration of the company is not satisfactory because it does not match the standard norm of 2:1.
- The net profit ratio has been higher in the year 2007-2008 (11.06). In 2008-2009 net profit has declined, so the ration is not satisfactory.
SUGGESTION

The company can increase their current assets over the current liability to meet its current obligations. To improve the profitability position (i.e.) net profit, the company can improve its operational efficiency, which in turn will help the company to achieve a satisfactory return on investments.

CONCLUSION

The study was undertaken on the financial performance of the company. Tools such as Current ratio analysis, Net Profit ratio analysis, have been used to find out the company’s efficiency in performing all its functions. So, the firm has a healthy condition of finance for long term. The cash balances have a positive sign in all the five years but it has decreased over the years.

BIBLIOGRAOPHY

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