



## A Study of Financial Performance Analysis of Ultramarine & Pigments Limited

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### ABSTRACT:

This study aims to conduct a comprehensive analysis of the financial performance of Ultramarine & Pigments Ltd over a specified period. The research focuses on evaluating key financial indicators and performance metrics to provide stakeholders, investors, and management with valuable insights into the company's economic health and operational efficiency. The study utilizes both quantitative and qualitative research methods to gather and analyze.

**Key Word:** Financial performance, Ultramarine & Pigments ltd ., analyze company's economic health, operational efficiency.

### Introduction:

Ultramarine and Pigments Limited is an Indian public limited company listed on the Bombay Stock Exchange. For over fifty years, consistently offered quality products with excellent technological expertise. UPL has manufacturing facilities in Chennai and Ranipet, Tamil Nadu, as well as two ITES divisions. We serve clients in over 40 countries including India. Manufacture a range of inorganic pigments, detergents and cosmetic gradesurfactants and in the process, are the preferred supplier for most of our clients. The Board of Ultramarine & Pigments Limited has Two Executive Directors, six highly qualified independent Directors and one Non-executive Director. UPL manufactures a variety of Inorganic Pigments, such as Ultramarine blues (Pigment Blue 29) and violets (Pigment violet 15). UPL focuses on the manufacture of environmentally friendly pigments that can be used safely across a variety of end uses, including paints, plastics, inks, laundry, cosmetic etc. Since 1975, UPL has been manufacturing a menu of Anionic Surfactants, used in laundry, construction fire safety and personal care products.

### Objectives of study:

#### Primary objectives:

- The study is to analyze the financial performance of Ultramarine & Pigments Ltd in order to understand its economic health and efficiency in generating profit.

#### Secondary Objectives:

- To Comparing the company's financial ratios and performance metrics with industry peers to assess relative competitiveness.
- To Identifying potential financial risks and vulnerabilities within the company's operations and financial structure.
- To Providing insights and data to support informed decision-making by management for strategic planning and resource allocation.

### Need of Study:

Ultramarine & Pigments Limited is a company that specializes in producing high-quality pigments, including the famous ultramarine blue pigment. Their products are essential for various industries, such as paint, plastics, textiles, and cosmetics, adding vibrant color to countless products we use daily. With a commitment to quality and innovation, Ultramarine & Pigments Limited plays a crucial role in meeting the color needs of manufacturers worldwide, enhancing the visual appeal and functionality of their products.

### Scope of Study:

Ultramarine & Pigments Limited has a vast scope in the market due to the widespread demand for pigments in numerous industries. With applications ranging from paints and coatings to plastics, textiles, and cosmetics, their products have a broad market reach. As the global economy grows and industries continue to expand, the need for high-quality pigments will only increase. Moreover, Ultramarine & Pigments Limited can capitalize on emerging trends

such as eco-friendly and sustainable products, tapping into new markets and customer preferences. By staying innovative and maintaining quality standards, the company can seize opportunities for growth and establish itself as a leader in the pigment industry.

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## REVIEW OF LITERATURE:

- **Aswathappa (2016)** says remuneration is the compensation is the compensation and employee receives in return for his or her contribution to the organization. Remuneration occupies an important place in the life of employee. His or her standard of living, status in the society.
- **Allirajan (2011)** says the finance ministry is in favor of two contrasting norms, when it comes to investing part of corpus with employee's provident fund (EPF) and Government provident fund (GPF) in stocks. GPF maintains the pension fund of government employees, while employees provident fund organization (EPFO) manages retirement fund of private and public sector enterprises.
- **Tripathi (2014)** says Good compensation plans, well administered, have a salutary effect enterprise. Employees are happier in their work, co-operation and loyalty are higher, amount of output is up, and quality is better. In the absence of such plans compensation is determined objectively on the basis of haphazard and arbitrary decisions.
- **Jochen (2011)** says it's one of the most basic aphorisms of business the customer is always right. But when companies, especially large ones, try to rectify a service failure and satisfy an aggrieved customer, they face a risk many managers don't think about becoming a target for opportunistic customers are those who exploit companies compensation efforts for gain.

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## RESEARCH METHODOLOGY:

### RESEARCH DESIGN:

In this study the researcher is going to analyze the financial performance by using relevant tools and techniques, analytical research design is used.

### Source of the Data:

Secondary Data has been collected from sources like Company reports, magazine, journals, and annual reports.

### Tools used for the study:

- Ratio analysis.
- Bar Diagram.
- Trend Analysis.
- Comparative balance sheet statements.

### PERIOD OF THE STUDY:

The period of the study covers 5 years from 2018-2019 to 2022- 2023. The required data for the past 5 years were collected from the annual reports of the company.

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## DATA ANALYSIS AND INTERPRETATIONS:

### GROSS PROFIT RATIO:

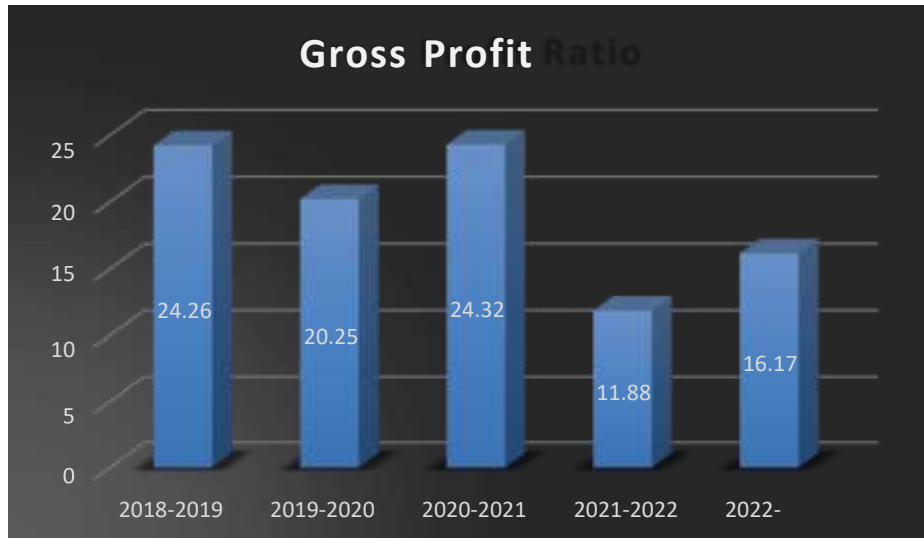
**Gross Profit Ratio:  $\text{Gross profit/Sales} \times 100$**

Year	Gross Profit	Sales	Gross Profit Ratio
2018-2019	7445.34	30685.75	24.26
2019-2020	6201.32	30618.07	20.25
2020-2021	7495.3	30819.47	24.32
2021-2022	5832.59	49101.57	11.88
2022-2023	8753.69	54140.52	16.17

**Source of Data:** Company Annual Report 2018-2019 to 2022-2023.

### Interpretation:

From the above table it is inferred that, the Gross Profit ratio is increased in the year from 2018-2019 with 24.26 whereas, exceptionally low in the year 2021-2022 with 11.88. It is noticed that year after year the Gross Profit ratio is fluctuating.



**NET PROFIT RATIO**

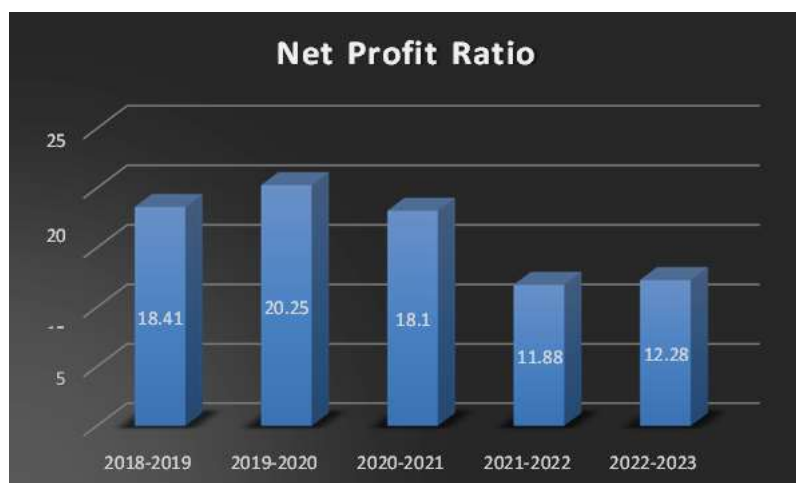
Net Profit Ratio:  $\text{Net profit/Sales} \times 100$

Year	Net Profit	Sales	Net Profit Ratio
2018-2019	5647.83	30685.75	18.41
2019-2020	6201.32	30618.07	20.25
2020-2021	5578.66	30819.47	18.10
2021-2022	5832.59	49101.57	11.88
2022-2023	6646.88	54140.52	12.28

Source of Data: Company Annual Report 2018-2019 to 2022-2023

**Interpretation:**

From the above table it is inferred that, the Net Profit Ratio is increased in the year from 2019-2020 with 20.25 whereas, low in the year 2021-2022 with 11.88. It is noticed that year after year the Net Profit ratio is fluctuating.



**OPERATING RATIO**

Operating Profit Ratio:  $\text{Operating profit/Sales} \times 100$

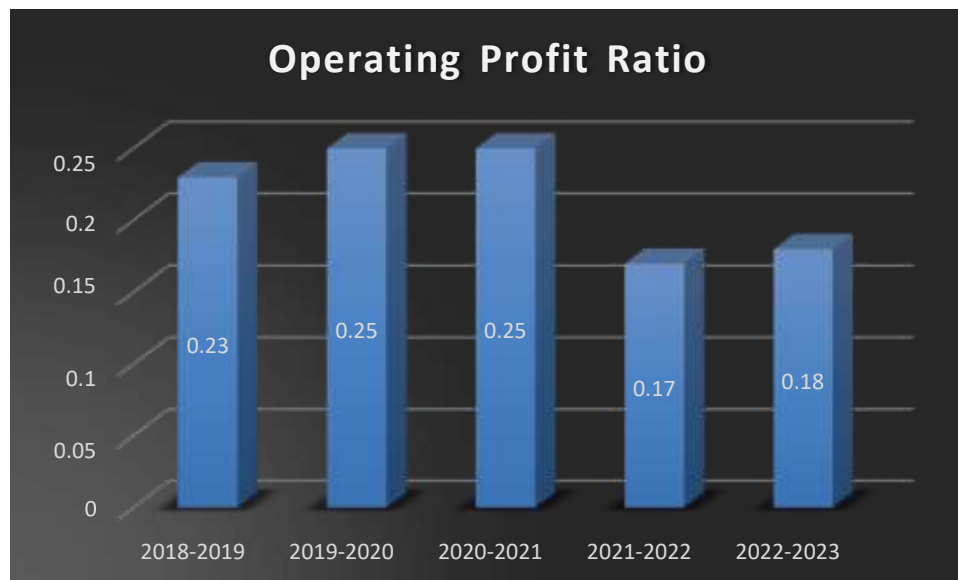
Year	Operating Profit	Sales	Operating Profit Ratio
2018-2019	7083.57	30685.75	0.23
2019-2020	7712.94	30618.07	0.25
2020-2021	7757.98	30819.47	0.25
2021-2022	8427.17	49101.57	0.17
2022-2023	9842.75	54140.52	0.18

**Source of Data:** Company Annual Report 2018-2019 to 2022-2023

**Interpretation:**

From the above table it is inferred that, the Operating

Profit Ratio increased in the year from 2019-2020 & 2019-2020 with 0.25 whereas, exceptionally low in the year 2021-2022 with 0.17. It is noticed that year after year the Operating Profit ratio is fluctuating.



**FINDINGS:**

- The current ratio for the year 2018-2019 will be maximum at the proportion of 4.41 and in the year 2022-2023 the ratio will be minimum 3.37.
- The quick ratio for the year 2018-2019 will be maximum at the proportion of 3.60 and in the year 2022-2023 the ratio will be minimum 2.12.
- The absolute liquid ratio for the year 2018-2019 will be maximum at the proportion of 0.81 and in the year 2022-2023 the ratio will be minimum 0.48.
- The cash ratio for the year 2018-2019 will be maximum at the proportion of 0.81 and in the year 2022-2023 the ratio will be minimum 0.48.
- The gross profit ratio for the year 2018-2019 will be maximum at the proportion 24.26 and in the year 2021-2022 the ratio will be minimum 11.88.
- The net profit ratio for the year 2019-2020 will be maximum at the proportion of 20.25 and in the year 2021-2022 the ratio will be minimum 11.88.
- The operating profit ratio for the year 2018-2019 & 2020-2021 will be maximum at the proportion of 0.25 and in the year 2021-2022 the ratio will be minimum 0.17.

- The debtor turnover ratio for the year 2021-2022 will be maximum at the proportion of 12.44 and in the year 2019-2020 the ratio will be minimum 7.80.
- The inventory turnover ratio for the year 2018-2019 will be maximum at the proportion of 11.29 and in the year 2022-2023 the ratio will be minimum 6.76.
- The capital turnover ratio for the year 2019-2020 will be maximum at the proportion of 0.91 and in the year 2021-2022 the ratio will be minimum 0.53.
- The Fixed asset turnover ratio for the year 2018-2019 will be maximum at the proportion of 4.43 and in the year 2020-2021 the ratio will be minimum 3.65.
- The Asset turnover ratio for the year 2018-2019 will be maximum at the proportion of 0.71 and in the year 2021-2022 the ratio will be minimum 0.50.
- The Stock turnover ratio for the year 2020-2021 will be maximum at the proportion of 63.68 and in the year 2022-2023 the ratio will be minimum 5.93.
- The Debt equity ratio for the year 2019-2020 will be maximum at the proportion of 0.12 and in the year 2018-2019 the ratio will be minimum.
- The proprietary ratio for the year 2018-2019 will be maximum at the proportion of 0.88 and in the year 2019-2020 the ratio will be minimum 0.79.
- The Fixed asset ratio for the year 2019-2020 will be maximum at the proportion of 0.25 and in the year 2021-2022 the ratio will be minimum 0.15.

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#### **SUGGESTIONS:**

- The company may investigate to maintain the current assets and current liabilities. This might help the company maintain an optimum liquidity ratio.
- The company liquidity is very high but borrowing and outflow of cash is very high so the companies in future to maintain the good financial position. They have to improve the cash position.
- It is suggested that the company may strongly focus on the gross profit, net profit and operation profit ratio which will make the company more profitable in the coming years.
- The financial statements of the company for a specific period, typically a year. These statements include the income statement (showing revenue and expenses), the balance sheet (detailing assets, liabilities, and equity), and the cash flow statement (indicating cash inflows and outflows).
- To Perform a ratio analysis. This involves calculating key financial ratios to assess the company's liquidity, profitability, efficiency, and solvency. For instance, compute the current ratio (current assets divided by current liabilities) to gauge short-term liquidity and the return on assets (net income divided by total assets) to assess profitability.
- To Compare the company's performance over time (trend analysis) and against industry benchmarks (benchmark analysis). Look for trends in revenue growth, profit margins, and return on investment.
- To Evaluate the company's financial health by examining its debt levels and debt-to-equity ratio. A high debt-to-equity ratio may indicate higher financial risk.
- The qualitative factors impacting financial performance, such as industry conditions, market share, management quality, and economic trends. Consider factors that could affect future performance, such as upcoming projects, expansion plans, or regulatory changes
- To analyzing financial statements, calculating ratios, and considering qualitative factors, you can gain insights into Ultramarine & Pigments Limited's financial performance, strengths, weaknesses, and potential areas for improvement. This analysis helps investors and stakeholders make informed decisions about the company.

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#### **CONCLUSION:**

To study of the financial performance analysis of Ultramarine & Pigments Limited reflects a robust and promising outlook for the company. Throughout the review period, key financial indicators such as revenue growth, profitability margins, and liquidity ratios have demonstrated steady improvement. The company's ability to efficiently manage costs while expanding market share is evident from the positive trends in operating margins and return on investment.

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