



## **A Study on Financial Performance in IBIS Chennai Sipcot**

*Ms. M.Sheefa Rakchana<sup>1</sup>, Dr. Dhivya Sathish<sup>2</sup>*

<sup>1</sup>B. Com (CA), MBA Student, school of Management studies, Sathyabama Institute of Science and Technology, Chennai.

<sup>1</sup>[sheefarakchana@gmail.com](mailto:sheefarakchana@gmail.com)

<sup>2</sup>MBA., Ph.D., Associate Professor, Sathyabama Institute Of Science and Technology, Chennai [dhivya.sathish05@gmail.com](mailto:dhivya.sathish05@gmail.com)

---

### **ABSTRACT**

This quantitative study systematically analyzes the financial performance of IBIS Chennai over a five-year period from 2018-2019 to 2022-2023. Utilizing various financial analysis techniques such as comparative analysis, common size analysis, ratio analysis, and trend analysis, the study examines key financial metrics to assess the company's performance, stability, and strategic positioning. Data collection primarily relies on secondary sources including annual reports, company websites, and financial databases. The findings reveal fluctuating trends in liquidity ratios, profitability ratios, turnover ratios, and leverage ratios over the study period. Based on the analysis, recommendations are provided to improve liquidity, profitability, and debt management, aiming to enhance the overall financial resilience of IBIS Chennai. The study concludes that while IBIS Chennai's financial performance is falling behind, it is not at an alarming rate, yet efforts should be made to improve performance to avoid long-term concerns. Additionally, the study underscores the company's contribution to employment opportunities and economic development in the hospitality industry.

---

### **INTRODUCTION**

Financial statements, including income statements, balance sheets, and cash flow statements, summarize a business's performance and financial position. However, these statements alone don't provide sufficient insights. Hence, detailed financial analysis using tools like comparative financial statements, working capital analysis, ratio analysis, trend analysis, comparative analysis, and common size analysis is essential. These techniques help understand relationships between various components in the statements, aiding in meaningful managerial conclusions.

---

### **INDUSTRY PROFILE**

India's diverse landscape, spanning from the Himalayan peaks to the lush rainforests in the south, offers vast potential for tourism. Despite the setback in 2020 due to the COVID-19 pandemic, India's tourism and hospitality sector remains a crucial contributor to the country's economy, driven by its rich cultural heritage and natural beauty. Foreign exchange earnings from tourism have historically shown steady growth, supported by government efforts to promote the sector.

---

### **COMPANY PROFILE**

Ibis Chennai SIPCOT, part of Accor Hotels Group, offers modern accommodation catering primarily to business travelers in SIPCOT Industrial Park. It boasts a convenient location near major corporate offices and industrial estates, providing easy access to business destinations. The hotel features contemporary guest rooms, dining options serving local and international cuisine, and meeting facilities equipped with modern technology. Overall, Ibis Chennai SIPCOT aims to provide a seamless and enjoyable experience for guests visiting Chennai.

---

### **OBJECTIVES OF THE STUDY**

#### **Primary objectives**

- To study on the financial performance of Ibis, Chennai.

#### **Secondary objectives**

- To assess the financial performance trends of Ibis, Chennai.
- To compare the common size elements in the financial statements.

- To evaluate key financial ratios to determine their relative strengths and weaknesses.

---

## SCOPE OF THE STUDY

This financial analysis evaluates the five-year performance of Ibis, Chennai, emphasizing key statements like balance sheets and profit and loss (P&L) statements. It utilizes common size analysis, ratios, trend analysis, and working capital assessment to comprehend their financial positions. The study blends quantitative metrics with broader industry factors like market dynamics and regulatory environment. Its goal is to offer a sturdy framework for assessing Ibis, Chennai's financial resilience and strategic outlook in the global hospitality landscape.

---

## NEED FOR THE STUDY

The financial performance analysis of Ibis, Chennai is crucial for stakeholders in the global Ibis, Chennai sector. Their financial performance acts as a key indicator of hospitality industry, guiding investors, policymakers, and industry analysts. Understanding their financial dynamics aids in assessing sector resilience, growth potential, and economic contribution. Ultimately, this study aims to provide valuable insights into the performance and strategic direction of Ibis, Chennai, fostering transparency and contributing to the sustainable growth of the hospitality sector.

---

## REVIEW OF LITERATURE

**According to K Maran, R Anitha (2015)** Made an attempt to analyze the financial soundness of the Hero Honda motors limited have identified three factors, namely liquidity position, solvency position and profitability position based on the study of period 2002 to 2010 using ratio analysis

**The study carried out by S Sankar, K Maran (2015)** This study tries to evaluate the profitability & financial position of selected companies of Indian automobile industry using statistical tools like, ratio analysis, mean, standard deviation, correlation.

**A study on C Padma Prabha, K Maran, CR Senthilnathan (2021)** - Author has selected 87 companies out of 242 companies in capital line database to discuss the standard current ratio of automobile industry is matched with tractor and four sectors like engine parts, lamps, gears and ancillaries with standard norms.

**The study carried out by R Udhayasankar, K Maran (2018)** 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.

**The study on P Venkatesh, DS Revathi (2020)** examine the qualities & quantities performer of maruti 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.

---

## RESEARCH METHODOLOGY

The research methodology chapter outlines a systematic approach to analyze Ibis, Chennai's financial performance over five years, detailing research design, data collection methods, analysis techniques, and ethical considerations. Through quantitative research and financial analysis, the study aims to reveal insights into Ibis, Chennai's financial resilience and strategic positioning in the hospitality industry, ensuring validity, reliability, and ethical integrity for robust comparative analysis of industry giants.

---

## RESEARCH DESIGN

The chosen research design for this study is quantitative, aiming to systematically analyze the financial performance of Ibis, Chennai over a five-year period. By utilizing a quantitative approach, the study can objectively measure and quantify various financial metrics, allowing for a comprehensive assessment of companies' performance. This design enables the systematic comparison of financial data from annual reports, financial statements, and other reputable sources, facilitating the identification of trends, patterns, and anomalies. The quantitative nature of the research design ensures that the analysis is grounded in empirical evidence, enhancing the validity and reliability of the study findings.

---

## SOURCE OF DATA

Information was collected through this source comprises of discussions with the personal of 5 years of income statements, balance sheets, and cash flow statements of IBIS CHENNAI SIPCOT. The data was collected from sources like annual reports, company websites, and financial databases.

## TOOLS FOR ANALYSIS

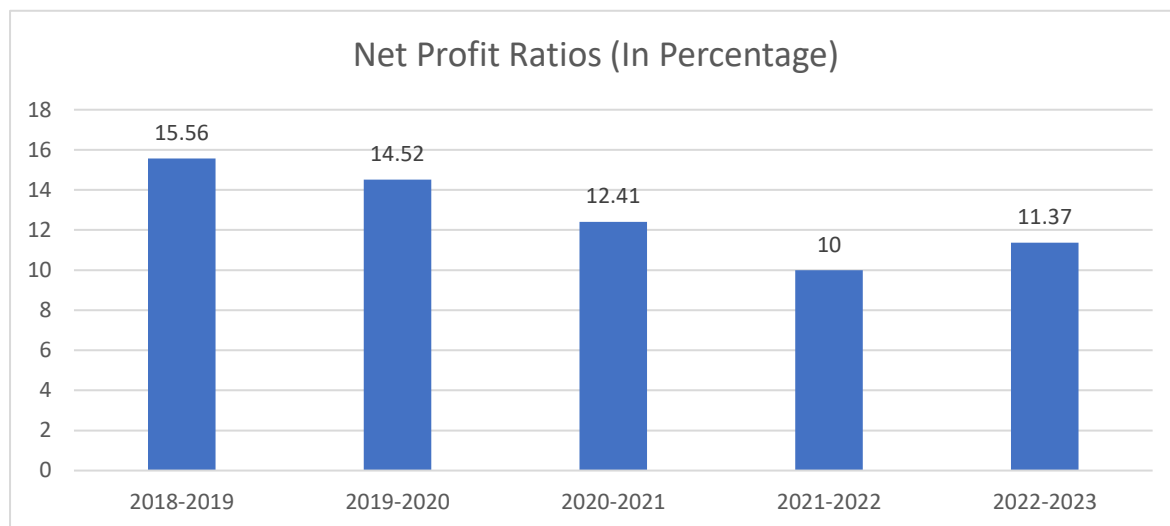
- Ratio Analysis
- Trend Percentage analysis

### NET PROFIT RATIO

Year	Net Profit	Sales	Net Profit Ratios (In Percentage)
2018-2019	55826	358722	15.56
2019-2020	64929	447144	14.52
2020-2021	55566	447809	12.41
2021-2022	50589	506024	10.00
2022-2023	60109	528542	11.37

Source of data: Company Annual Report 2018-19 to 2022-23

Chart No: 4.6 Net Profit Ratio



### INTERPRETATION:

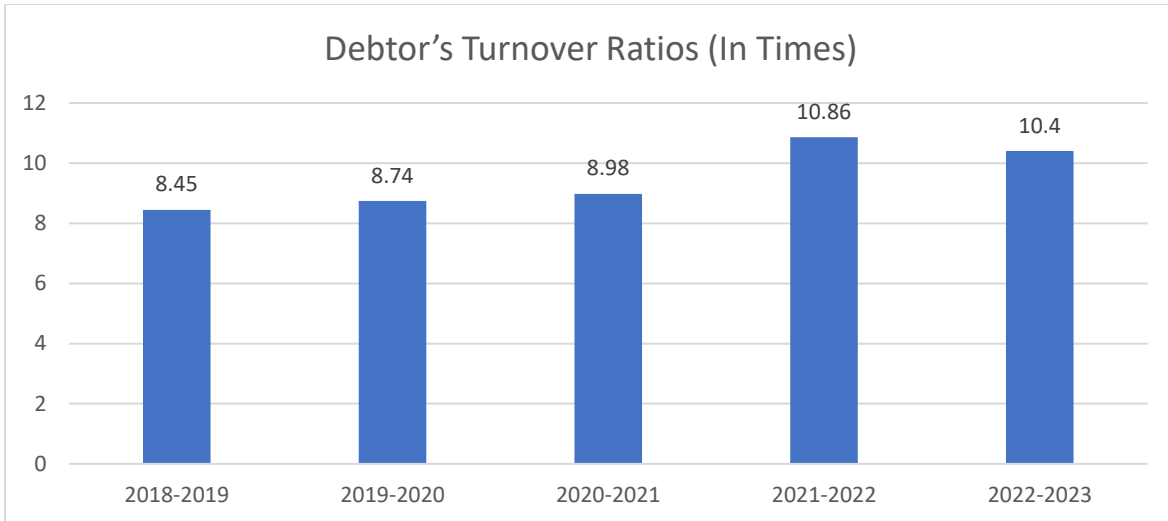
From the above table it is inferred that, the Net Profit ratio is increased in the year from 2018-2019 with 15.56 whereas, low in the year 2021-2022 with 10.00. It is noticed that year after year the Net Profit ratio is fluctuating.

### 4.8 DEBTOR'S TURNOVER RATIO

Year	Credit Sales	Trade Receivables	Debtor's Turnover Ratios (In Times)
2018-2019	358722	46848	8.45
2019-2020	447144	55490	8.74
2020-2021	447809	44231	8.98
2021-2022	506024	48997	10.86
2022-2023	528542	52685	10.40

Source of data: Company Annual Report 2018-19 to 2022-23

Chart No: 4.8 Debtor's Turnover Ratio



**INTERPRETATION:**

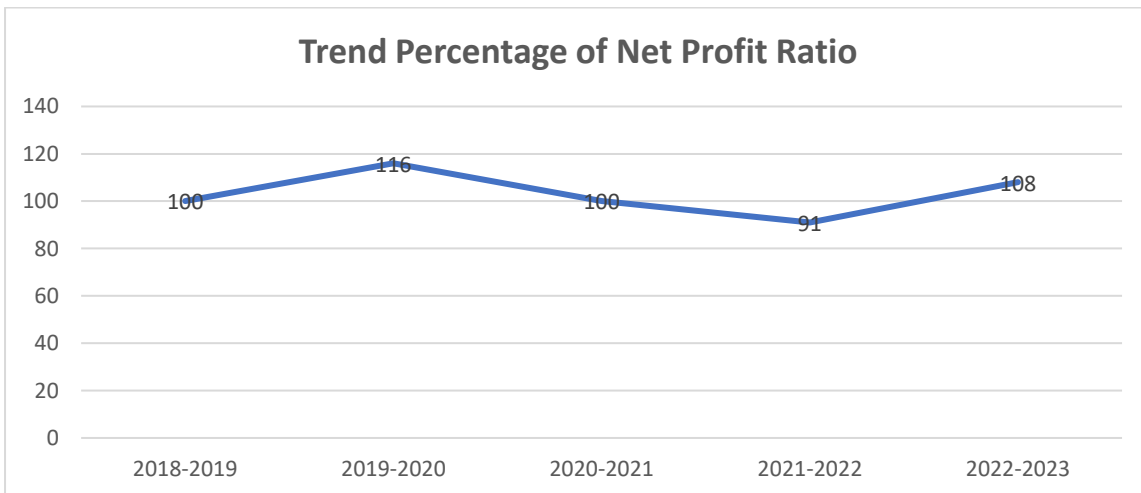
From the above table it is inferred that, the Debtor's Turnover Ratio increased in the year from 2021-2022 with 10.86 whereas, exceptionally low in the year 2018- 2019 with 8.45. It is noticed that year after year the Debtor's Turnover ratio is fluctuating.

**TREND ANALYSIS OF NET PROFIT RATIO**

Year	Net Profit	Trend (%)
2018-2019	55826	100
2019-2020	64929	116
2020-2021	55566	100
2021-2022	50589	91
2022-2023	60109	108

Source of data: Company Annual Report 2018-19 to 2022-23

Chart No: 4.19 Trend Percentage of Net Profit Ratio



**INTERPRETATION:**

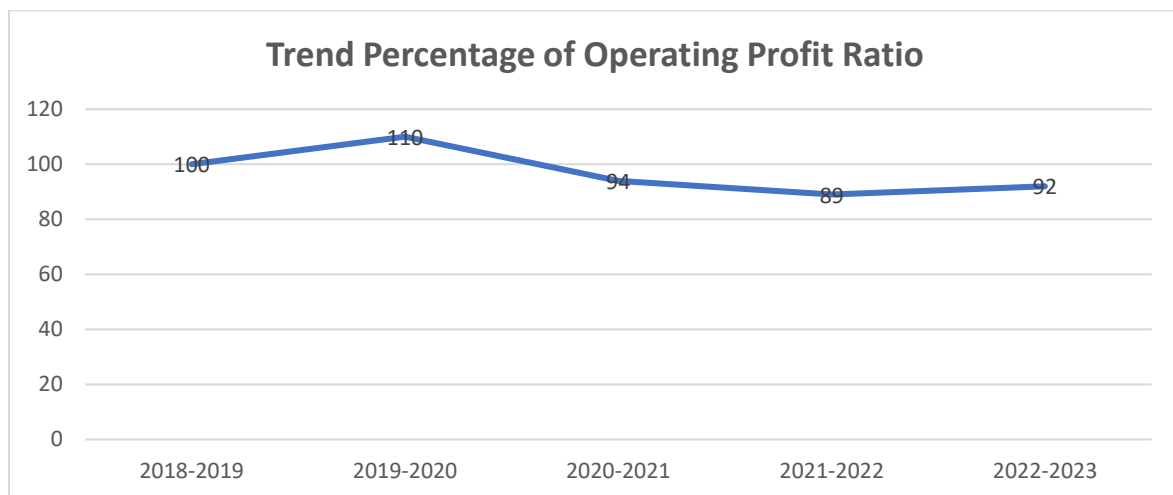
It can be inferred from both the table and graph that the company's highest Net profit has been achieved in the period 2019-20. The Net profit has seen a decline in the following years but has slowly picked up in the year 2022-23. The above analysis portrays a fluctuating Net profit; however, the company might expect an upward moving slope in the upcoming years.

**TREND ANALYSIS OF OPERATING PROFIT RATIO**

Year	operating profit	Trend (%)
2018-2019	88430	100
2019-2020	96861	110
2020-2021	82777	94
2021-2022	78475	89
2022-2023	81117	92

Source of data: Company Annual Report 2018-19 to 2022-23

Chart No: 4.20 Trend Percentage of Operating Profit Ratio



#### INTERPRETATION:

It can be inferred from both the table and graph that the company's highest operating profit has been achieved in the period 2019-20. The operating profit has seen a decline in the following years but has slowly picked up in the year 2022-23. The above analysis portrays a fluctuating operating profit; however, the company might expect an upward moving slope in the upcoming years.

#### SUGGESTIONS:

- The company can push its liquidity position so that it can sustain in the future.
- The company may investigate to maintain the current assets and current liabilities. This might help the company maintain an optimum liquidity ratio.
- 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 company has a bright future if it concentrates more on turnover thus achieving the overall objectives of the company.

#### Limitations

- The research methodology acknowledges certain limitations that may impact the study findings. These limitations include constraints related to data availability, accuracy, and reliability, as the study relies on publicly available financial data.
- Additionally, the scope of financial metrics analyzed may be limited, and qualitative factors such as management strategies and market perceptions are not considered in the analysis.
- Furthermore, the study may be subject to inherent biases or errors associated with quantitative analysis techniques and reliance on secondary data sources.

---

## CONCLUSION

The study concludes that Ibis, Chennai's financial performance is lagging overall, though not critically. It suggests a focus on improving performance to avoid long-term concerns. Despite this, the company plays a significant role in providing employment and fostering economic development in the hospitality industry. Effective financial management is highlighted as crucial for sustaining and enhancing the company's competitiveness. Continuous monitoring and strategic decision-making are emphasized for seizing opportunities and managing risks.

---

## REFERENCE

1. K Maran, R Anitha (2015), Impact of Foreign Direct Investment on Power Sector: An Empirical Study With Reference to India - East Asian Journal of Business Economics (EAJBE), Volume 3, Issue 1, PP:8-16.
2. K Maran, L Sujatha, TP Kumar (2017), Impact of foreign direct investment on automobile sector: an empirical study with reference to India, International Journal of Economic Research, Volume 14, Issue 11, PP:187-196.
3. C Padma Prabha, K Maran, CR Senthilnathan (2021), Performance analysis of securities markets with reference to asian stock markets.
4. Zafar Tariq S.M. & Khalid S.M. (2012), "A comparative evaluation of financial performance and market value of Maruti and Tata company," Bookman international journal of accounts, economics and business management,1(1), pp.-7- 16
5. S Sankar, K Maran (2015), Performance Evaluation of Select Leading Public Sector Banks in India - EDITORIAL ADVISORY BOARD, Volume 6, PP:326
6. R Udhayasankar, K Maran (2018), Mutual fund investors perception in india-a study - International Journal of Engineering & Technology, Volume 7, Issue 1.1, PP: 60-63
7. P Venkatesh, DS Revathi (2020), A Study on Performance Analysis of Selected Mutual Fund Schemes in India - Solid State Technology, Volume 63, Issue 2S.
8. Kishore Kumar Das & Rupsa Mahapatra, 2021. "Financial performance analysis of MSME sector: An empirical study," International Journal of Financial Engineering (IJFE), World Scientific Publishing Co. Pte. Ltd., vol. 8(01), pages 1-16, March.
9. Chandrasekaran, S. (2021). A Study On Financial Performance Analysis Of XI Dynamics India Private Ltd. Turkish Journal of Computer and Mathematics Education (TURCOMAT), 12(11), 2320-2338.
10. Nirmala, M., & Pavithra, K. (2021). Determinants of Financial performance: a Study on selected cement companies in India. Journal of Contemporary Issues in Business and Government Vol, 27(2)