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A Study on Financial Performance Analysis of Vijay Dairy & Form Products Private Ltd, Trichy

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ABSTRACT

This study aims to evaluate the financial performance of Vijay Dairy & Farm Products Private Ltd., Trichy, over the five-year period from 2019-20 to 2023-24. Using secondary data, the research applies tools such as ratio analysis, comparative and common-size financial statements, trend analysis, and sales forecasting. The findings reveal that the company's financial position has shown fluctuations, indicating the need for a more efficient financial management system. Enhancing liquidity, minimizing losses, and fostering innovation and adaptability are essential for sustainable growth. In a dynamic economy, creativity, risk-taking, and strategic thinking are key to long-term success.

Keywords: Financial Performance, short term solvency, solvency position, operating efficiency, financial positions.

INTRODUCTION

Finance is the management of money and monetary resources for individuals, businesses, and governments. It encompasses a wide range of activities such as budgeting, borrowing, lending, investing, saving, and forecasting. The field is broadly categorized into personal finance, corporate finance, and public finance. Beyond handling cash, finance involves the strategic allocation of assets and resources, linking it closely with economics, accounting, capital markets, risk management, and investment planning. It plays a critical role in ensuring financial stability and supporting decision-making across all sectors. With technological advancements, financial tools and platforms have become more accessible and efficient. Sound financial practices contribute to long-term growth and economic resilience. Ultimately, finance empowers individuals and organizations to meet their goals and navigate uncertainties confidently.

INDUSTRY PROFILE

The dairy industry is a significant contributor to global agriculture, with a large portion of the workforce depending on livestock farming. In India, where 66% of the population is engaged in agriculture, the sector contributes 31% to GDP, with livestock products accounting for 21%. Over the past decade, India has become one of the world's largest milk producers, supported by cooperatives, government programs, and growing processing infrastructure. The industry covers the entire value chain from production to retail, and also plays a key role in rural employment and economic development. Publications like *Milk Industry* connect global stakeholders by sharing news, market trends, and expert insights. Despite progress, challenges like environmental impact and the need for sustainable water management remain critical as farms grow in size and intensity. Continued innovation, policy support, and responsible practices are essential for sustaining the growth and competitiveness of the dairy sector.

COMPANY PROFILE

Established in 1994, Vijay Dairy & Farm Products (P) Ltd is a leading dairy company in Tamil Nadu, dedicated to delivering high-quality milk and dairy products. With its main plant located in Peramangalam, 25 km from Trichy, the company sources fresh milk directly from farmers and processes it using advanced technology to ensure quality and affordability. Vijay Dairy offers a range of products including milk, curd, paneer, ghee, and flavored milk. The company supports rural livelihoods through its wide network of milk collection centers and provides ongoing support to farmers. With a strong focus on hygiene, innovation, and customer satisfaction, Vijay Dairy continues to grow as a trusted name in the dairy industry.

OBJECTIVES OF THE STUDY

- To ascertain the short term solvency of the business concern.

- To measure the effective utilization of the company.
- To examine the long term solvency position of the business concern.
- To analyse the present financial positions as well as the future.
- To analyse and ascertain the operating efficiency of the business concern.

REVIEW OF LITERATURE

Nam, N.H., and Tuyen, T.T.M. (2024) conducted a study to analyze the relationship between liquidity (LIQ), capital structure (LEV), and financial performance (FIP) in 644 non-financial-listed companies on the Vietnamese stock market using PLS-SEM. The results reveal that liquidity positively affects financial performance but negatively influences capital structure, which in turn negatively impacts financial performance. Therefore, liquidity indirectly improves financial performance through its effect on capital structure. The study suggests that non-financial firms can enhance financial efficiency by maintaining higher liquidity to manage risks and seize investment opportunities. Additionally, firms with higher revenue and larger asset size are better positioned to boost financial performance.

Bhadrappa Haralayya (2023) highlights that financial performance analysis through ratio analysis is an effective method to evaluate a firm's financial strengths and weaknesses by examining the relationship between balance sheet and profit & loss account items. This process enables an understanding of both short-term and long-term financial trends and performance. The study emphasizes that analyzing financial statements—particularly the balance sheet helps determine the monetary health and future direction of the organization. Tools like ratio analysis, comparative financial statements, common-size statements, and trend analysis provide valuable insights into operational efficiency, liquidity, solvency, and profitability. Overall, the research underlines the importance of systematic financial assessment in supporting strategic decision-making and improving overall business outcomes.

H. González-García (2023) conducted a comparative study on a power station's financial viability under two scenarios: the current Vesting contract and participation in the Mexican regulated market. The findings indicate a faster investment recovery (4 years) under the regulated market versus 6 years under the Vesting model. While initial years under the open market show lower returns, long-term projections suggest strong profitability in both cases.

S. Muruganatham (2021) analyzed the financial performance of HDFC Bank over a five-year period using secondary data. The study focused on key performance ratios such as Return on Assets and Interest Coverage Ratio to assess the bank's growth and efficiency. Findings show that while the bank is generating sufficient income and profits, its overall efficiency in profit generation remains limited. Nonetheless, the bank's financial performance is considered satisfactory.

Mandipa G and Sibindi AB (2022) conducted a study on South African retail firms listed on the Johannesburg Stock Exchange from 2010–2019 to examine the impact of working capital management on financial performance. Using fixed-effects estimation, they analyzed indicators like average age of inventory, collection and payment periods, and cash conversion cycle, with performance measured by NOPM, ROA, and ROE. The findings revealed a negative relationship between financial performance and working capital components, suggesting that efficient working capital management significantly influences profitability and overall financial health.

RESEARCH METHODOLOGY

Research can be termed as an inquiry in to the nature of, the reasons for, and the consequences of any particular set of circumstances. It is the process of finding solution for a problem after a thorough study and analysis of the situational factors. "Methodology" as the name suggests is the method through which the problem or situation is tackled. Research methodology is the discipline of understanding, choosing, and applying appropriate methods to explore complex problems or phenomena.

SOURCE OF THE DATA

Primary Data

First hand information is to be obtaining through interaction with various department head in their respective areas. The instrument used to collect primary data is through questionnaire from the customers.

Secondary Data

Secondary data refers to information collected from existing sources such as previous research, books, journals, websites, and organizational reports. It plays a vital role in initiating the research process and supporting the analysis of primary data. For this study, secondary data was obtained through reliable sources like websites, books, and the internet. Specifically, the balance sheets of Vijay Dairy & Farm Products Private Ltd. for the five-year period from 2019–20 to 2023–24 were used for financial analysis.

SAMPLE SIZE

The sample size is last five years annual reports of the company Vijay Dairy & Form Products Private Ltd from the year 2019-20 to 2023-24.

SAMPLING TECHNIQUE

The process of examining the population through data analysis and information gathering is known as the sampling method. There are two types of sampling strategies that can be distinguished from one another. The probability sampling strategy was employed in this investigation. Random selection is applied in some way when using the probability sampling approach. With this approach, every eligible person has an equal opportunity to choose the sample from the entire sample space.

TABLE NO.:4.1			
CURRENT RATIO			
Year	Current Assets	Current Liabilities	Ratio
2019-2020	52.75	24.42	2.16
2020-2021	64.76	31.59	2.05
2021-2022	69.64	28.81	2.42
2022-2023	81.98	26.33	3.11
2023-2024	95.30	28.08	3.39

Source : Annual report

DATA ANALYSIS AND INTERPRETATION

1. Current Ratio

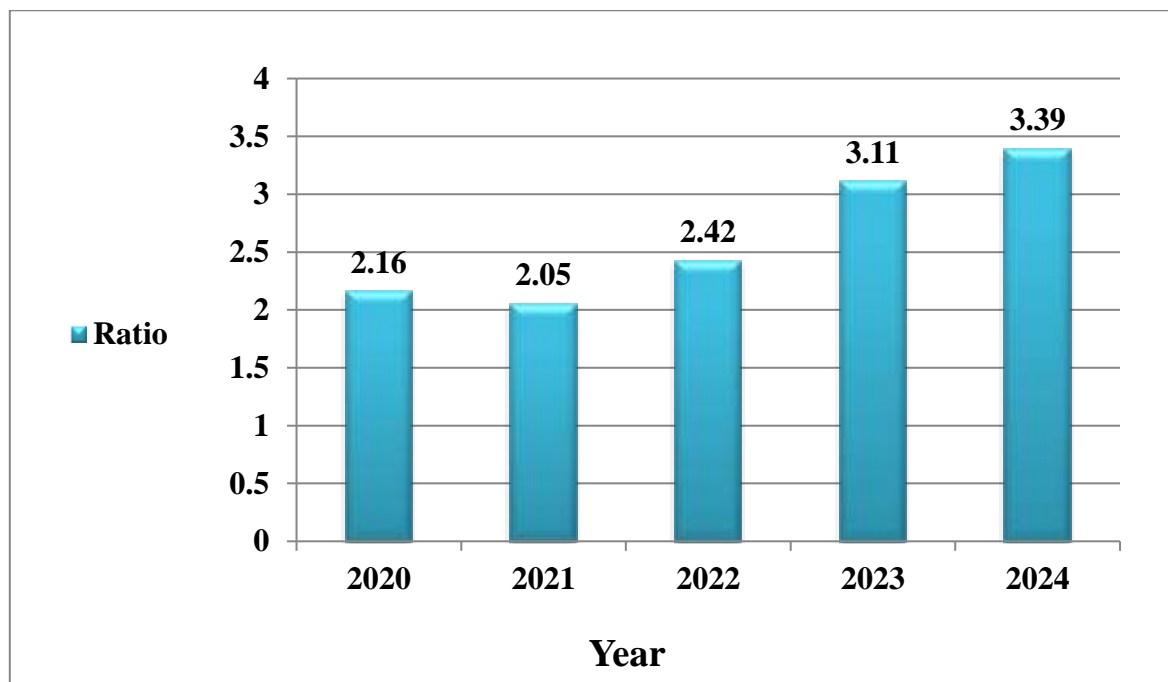
RATIO ANALYSIS

Interpretation

From the above table conveys that Current ratio was 2.16 in the year of 2019-2020. It has decreased to 2.05 in the year of 2020-2021. It has increased to 2.42 and 3.11 in the year of 2021-2022 and 2022-2023 respectively. It has increased to 3.39 in the year of 2023-2024.

CHART NO.: 4.1

CURRENT RATIO



2. Quick Ratio

TABLE NO.:4. 2			
QUICK RATIO			
Year	Quick assets	Current Liabilities	Ratio
2019-2020	21.87	24.42	0.90
2020-2021	39.10	31.59	1.24
2021-2022	27.09	28.81	0.94
2022-2023	39.14	26.33	1.49
2023-2024	42.97	28.08	1.53

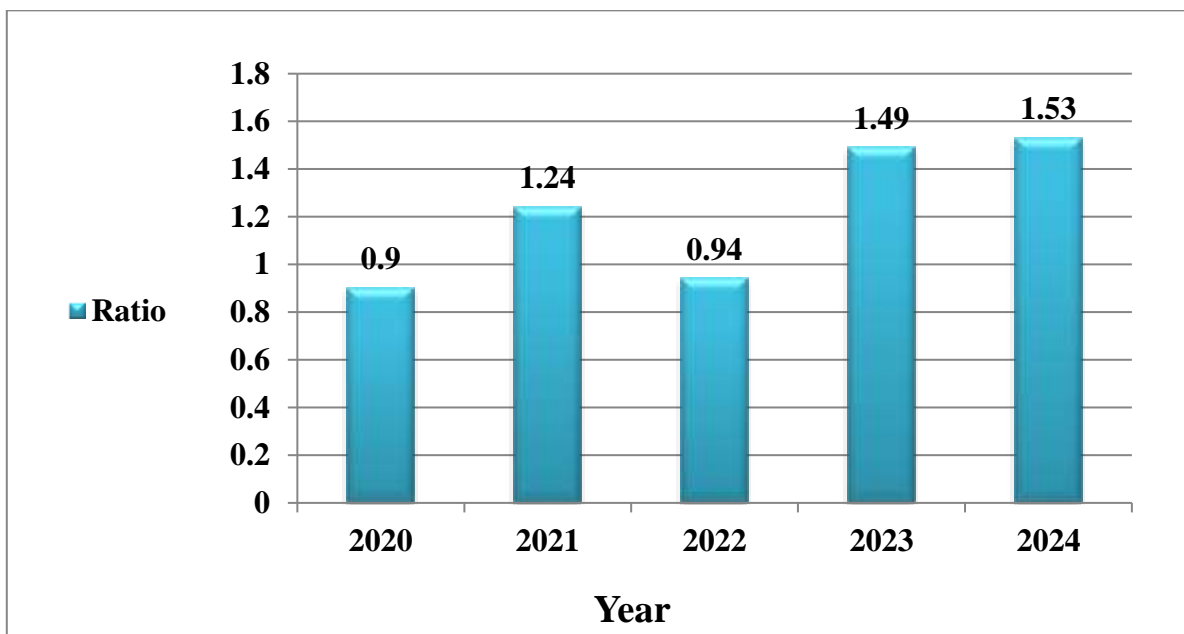
Source : Annual report

Interpretation

From the above table conveys that Quick ratio was 0.90 in the year of 2019-2020. It has increased to 1.24 in the year of 2020-2021. It has decreased to 0.94 in the year of 2021-2022 respectively. It has increased to 1.49 and 1.53 in the year of 2022-2023 and 2023-2024.

CHART NO.: 4.2

QUICK RATIO



3. Cash Ratio

TABLE NO.:4. 3			
CASH RATIO			
Year	Cash	Current Liabilities	Ratio
2019-2020	4.38	24.42	0.18
2020-2021	8.31	31.59	0.26
2021-2022	5.92	28.81	0.21
2022-2023	16.79	26.33	0.64
2023-2024	17.32	28.08	0.62

Source : Annual report

Interpretation

From the above table conveys that Cash ratio was 0.18 in the year of 2019-2020. It has increased to 0.26 in the year of 2020-2021. It has decreased to 0.21 in the year of 2021-2022. It has increased to 0.64 in the year of 2022-2023. It has decrease to 0.62 in the year of and 2023-2024.

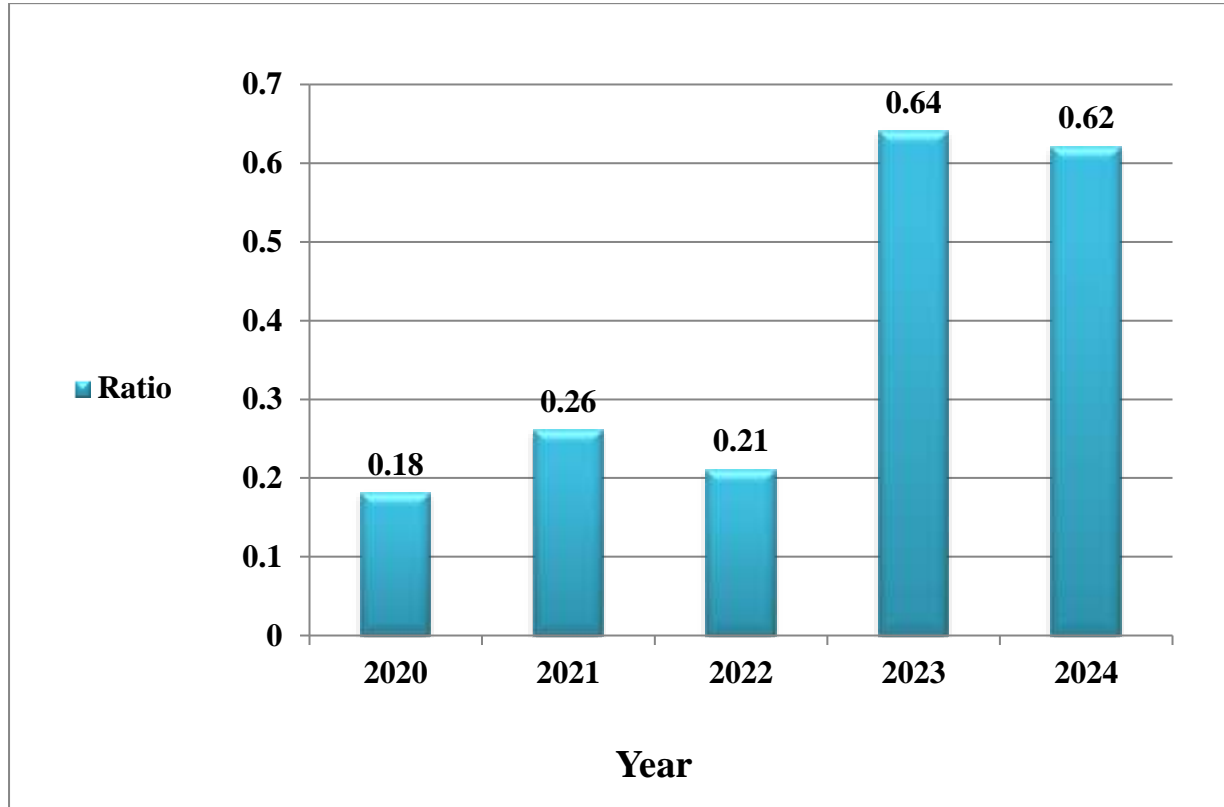
CHART NO: 4.3**CASH RATIO****4. Net Profit Ratio**

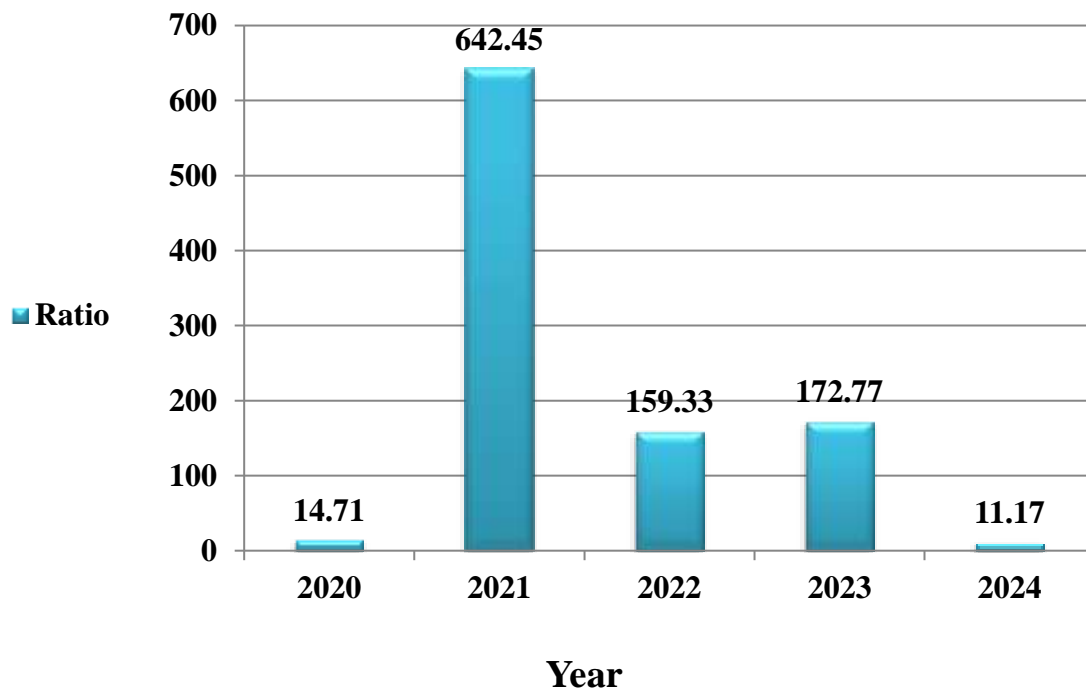
TABLE NO.:4. 5			
NET PROFIT RATIO			
Year	Net profit	Net sales	Ratio
2019-2020	1.03	7.00	14.71
2020-2021	6.81	1.06	642.45
2021-2022	25.19	15.81	159.33
2022-2023	22.65	13.11	172.77
2023-2024	2.51	22.47	11.17

Source : Annual report

Interpretation

From the above table conveys that Net profit ratio was 14.71 in the year of 2019-2020. It has increased to 642.45 in the year of 2020-2021 respectively. It has decreased to 159.33 and in the year of 2021-2022. It has increased to 172.77 in the year of 2022-2023. It has decreased to 11.17 in the year of 2023-2024.

CHART NO.: 4.5**NET PROFIT RATIO**



COMMON SIZE BALANCE SHEET AS ON 31st MARCH 2021 AND 2022				
	2021		2022	
PARTICULARS	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
CURRENT ASSETS				
Net current assets	33.17	30.98	40.83	37.20
Total (a)	33.17	30.98	40.83	37.20
FIXED ASSETS				
Net block	72.81	68.00	67.32	61.34
Capital work in progress	1.02	0.95	0.34	0.31
Investments	0.08	0.07	1.27	1.16
Total (b)	73.91	69.02	68.93	62.81
TOTAL ASSETS (a+b)	107.08	100.00	109.76	100.01
LIABILITIES				
Networth	45.05	42.07	68.36	62.29
Total (a)	45.05	42.07	68.36	62.29
TOTAL DEBT				
Secured Loan	46.69	43.60	36.39	33.16
Unsecured Loans	15.34	14.33	5	4.56
Total (b)	62.03	57.93	41.39	37.71
TOTAL LIABILITIES (a+b)	107.08	100.00	109.76	100.01

FINDINGS

- Current ratio was 2.16 in the year of 2019-20. It has decreased to 2.05 in the year of 2020-21.
- Quick ratio has decreased to 0.94 in the year of 2021-2022 respectively. It has increased to 1.49 and 1.53 in the year of 2022-2023 and 2023-2024.
- Cash ratio was 0.18 in the year of 2019-2020. It has increased to 0.26 in the year of 2020-2021.
- Net profit ratio has decreased to 11.17 in the year of 2023-2024.

SUGGESTIONS

- Current assets like cash and bank balances which are in excess can be converted into investments which can earn profits for the company.
- Inventory should be increased in future to larger extent which increases sales and contribute to huge profits for the company.
- Company can go for manageable debt and thus can take benefits relating to tax for the future years.
- If the company will took any precautionary methods to reduce all the expenses then the prodigality of the company will goes up.

CONCLUSION

An analysis of the financial statements of Vijay Dairy & Farm Products Pvt. Ltd., Trichy, over five years reveals fluctuations in the company's financial position, highlighting the need for a more efficient financial management system. The firm must address liquidity challenges, minimize losses, and adapt to changing conditions with innovation and flexibility. Management should focus on inventory control and manageable debt levels. Overall, the company's financial performance has not reached optimal levels. To enhance performance, it is essential to revise policies, monitor cash flows and inventory, and implement a sound information system for better operational control.

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