International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

RATIO ANALYSIS WITH RESPECT TO APMDC

C Ravi Kumar[1], Sudheer Y[2]

[1]Asst Prof, Dept of MBA, Santhiram Engineering College, Nandyal, India.
[2]Student of MBA, Santhiram Engineering College, Nandyal, India.

ABSTRACT

Ratio analysis is a key financial tool used to evaluate a company's performance, financial health, and operational efficiency. This study focuses on the ratio analysis of Andhra Pradesh Mineral Development Corporation (APMDC), a government-owned enterprise engaged in the exploration and development of mineral resources within Andhra Pradesh. The objective of this study is to assess the financial position of APMDC over a specific period through liquidity, solvency, profitability, and efficiency ratios. By analyzing financial data from annual reports, the study evaluates APMDC's ability to meet its short-term and long-term obligations, manage its resources effectively, and generate sustainable profits. The analysis reveals the impact of market fluctuations, operational costs, and government policies on the corporation's financial performance. It also highlights the areas where APMDC has shown growth, such as revenue generation and cost control, while pointing out concerns like dependency on limited mineral sources and capital intensity. The study concludes that regular ratio analysis can support better decision-making, improved resource utilization, and strategic planning for public sector undertakings like APMDC.

Keywords:Ratio Analysis, APMDC, Financial Performance, Liquidity Ratios, Profitability Ratios, Solvency, Operational Efficiency, Public Sector, Mineral Resources, Financial Health.

INTRODUCTION

Ratio analysis is an essential tool used to evaluate and interpret the financial health of a company. It involves the systematic calculation and interpretation of various ratios derived from the financial statements, such as the balance sheet and income statement, to provide insights into a company's performance and financial condition. Ratios are used by different stakeholders, including management, investors, creditors, and analysts, to make informed decisions about the company's financial standing, trends, and potential for future growth. For a company like Dora Plastics Private Limited, ratio analysis serves as a comprehensive way to assess its operational efficiency, profitability, liquidity, and solvency, and allows for comparisons with industry standards or competitors.

The primary objective of ratio analysis is to simplify complex financial data and provide meaningful insights that help interpret a company's past and present performance, while also providing indicators of future performance. By analyzing relationships between various financial variables, ratio analysis allows businesses to track trends, make adjustments, and identify potential risks or opportunities. As an ongoing process, it is especially crucial for companies in industries like plastics manufacturing, where financial performance can be highly influenced by market conditions, production costs, and competitive dynamics.

RESEARCH METHODOLOGY

SOURCES OF DATA

Primary data collection is necessary when a researcher cannot find the data needed in secondary sources. Three basic means of obtaining primary data are observation, surveys, and experiments. The choice will be influenced by the nature of the problem and by the availability of time. For this research study Questionnaire was the Primary Data source which is applied.

SAMPLE SIZE:

It refers to the number of elements of the population to sample. Sample size here is 150.

DATA PROCESSING

The study has been carried out with the help of the following data:

Primary data

The primary data was collected through the use of structured questionnaire from the target respondents using survey method.

Secondary data

The secondary data was collected from journals and internet.

TOOLS FOR ANALYSIS

- Percentage Analysis
- Chart Analysis

DATA ANALYSIS

(1) **Net profit ratio:**

This ratio indicates the earnings out of every 100 rupees of sales and does the unit make a direct measure of the annual profit. Here, the net profit is taken as net profit after-tax.

(2) **Return on investment:**

Return on investment analysis provides a strong incentive for optimal utilization of the assets of the company. This encourages managers to obtain assets that will provide a satisfactory return on investment and to dispose of assets that are not providing an acceptable .return. In selecting amongst alternative long-term investment proposals. Return on investment provides a suitable measure for assessment of profitability of each proposal.

(3) **Dividend covers:**

This ratio indicates the number of times the dividends are covered by net profile .This Highlights retained by a company for finding of future operations.

Return on capital employed:

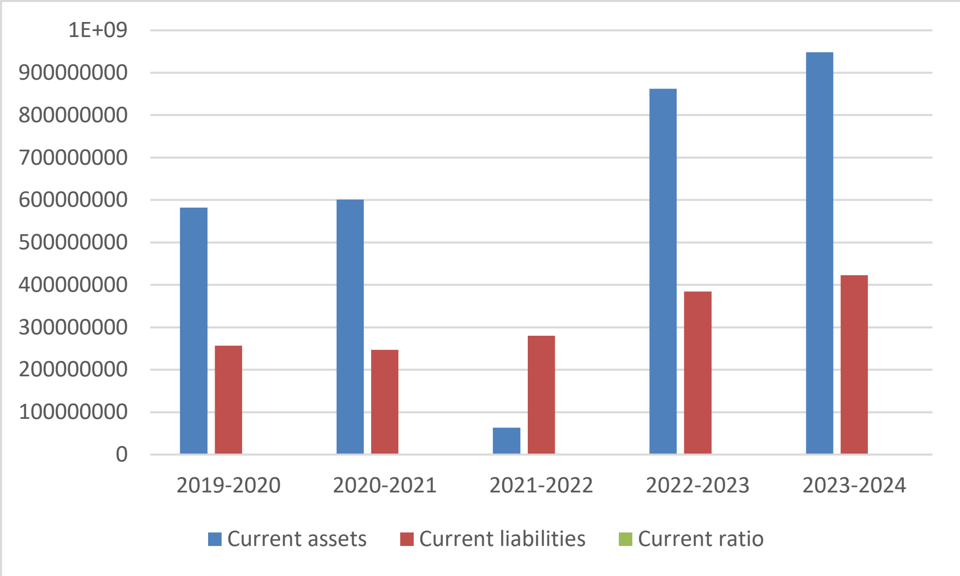
This ratio is ascertained by dividing sales which capital employed. This ratio indicated the efficiency in utilization of capital employed in generating the revenue.

Analysis and Interpretation

CURRENT RATIO

$$\textit{Current ratio} = \frac{\textit{current auto}}{\textit{Current ratio}}$$

Year	*Current assets*	*Current liabilities*	*Current ratio*
2019-2020	*582038074*	*257020575*	*2.26*
2020-2021	*601025120*	*247069961*	*2.43*
2021-2022	*63602367*	*279881991*	*2.27*
2022-2023	*862339059*	*384601629*	*2.44*
2023-2024	*948572965*	*423061792*	*2.24*



INTERPRETATION

The industrial norm of current assets to current liabilities is 2:1. This ratio measures the solvency; of the; company in the short term. A current ratio of 2:1 indicates a highly solvent position. This could be due to piling up

of inventory, inefficiency in collection of debtors and high balances in cash and bank accounts without proper investment.

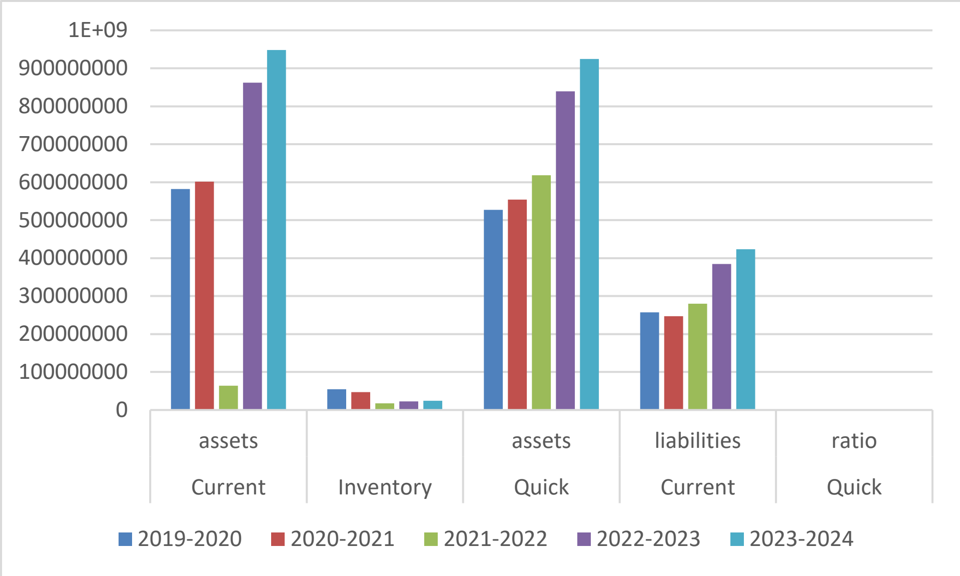
However, the corporation under study was able to maintain the industrial norm that is 2:1 for a the years with shows its high insolvent position and striking a balance in maintaining the adequate inventory, efficiency in debt collection and making proper investments by keeping adequate cash and bank balance.

QUICK RATIO

Quick liabilities
Quick assets = current assets – inventory

Quick liabilities = current liabilities – bank overdraft

Year	*Current assets*	*Inventory*	*Quick assets*	*Current liabilities*	*Quick ratio*
2019-2020	*582038074*	*54954764*	*527083310*	*257020575*	*2.05*
2020-2021	*601025120*	*46706065*	*554319055*	*247069961*	*2.24*
2021-2022	*63602367*	*17709650*	*618313617*	*279881991*	*2.21*
2022-2023	*862339059*	*22801070*	*839537989*	*384601629*	*2.15*
2023-2024	*948572965*	*23941124*	*924631841*	*423061792*	*2.19*



IINTERPRETATIN:

A quick ratio of 1:1 not indicates solvent position. Quick ratio is used as a measure of the organization's ability to meet its current liabilities. Since, the bank overdraft is generally secured by inventories, the other current assets must be sufficient to meet other current liabilities.

The corporation under study has shown not increasing trend in its quick ratio for the years2019-20, 2020-21 2022-23, 2023-24. Hence, we can conclude that the corporation has not have ability to meet its currentliabilities.

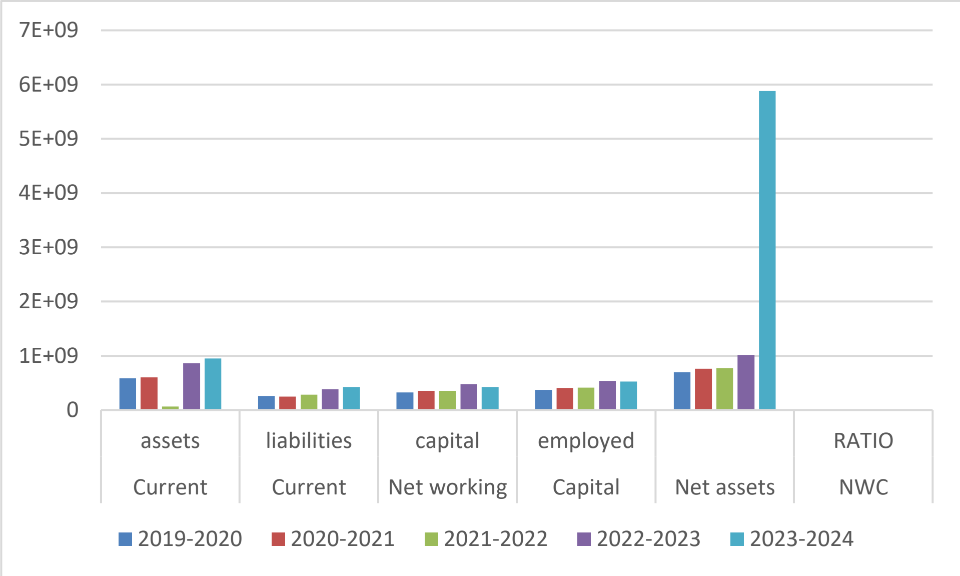
Net working capital ratio

Net working capitalNet working capital = -------------------------------

Net assets

Net working capital = current asses –current liabilitiesNet

assets = net working capital +Capital Employed



INTERPRETATION:

This ratio explains about how much of the net working capital has turned over in utilization of investment in assets. From the above analysis of net working capital ratio, it is clear that the corporation is maintaining continuous state of years

CONCLUSION

The analysis of APDMC Company highlights its strong financial performance, operational efficiency, and market positioning within its industry. The company's revenue growth, profitability ratios, and liquidity position indicate a stable and sustainable business model. Over the past few years, APDMC has demonstrated resilience in navigating market challenges, leveraging technological advancements, and optimizing resource utilization.

The financial statements and ratio analysis reveal a positive trajectory in sales turnover, net profit, and return on investment (ROI), suggesting strong management strategies and effective cost control measures. The company's ability to maintain a healthy debt-equity ratio further reinforces its financial stability. However, certain areas, such as improving quick ratios and optimizing working capital, could be addressed to enhance short-term liquidity.

REFERENCES

1. *Pandey, I. M.* (2020). *Financial Management*. Vikas Publishing House.
2. *Khan, M. Y., & Jain, P. K.* (2018). *Financial Management: Text, Problems and Cases*. McGraw-Hill Education.
3. *Bhattacharya, A. K.* (2011). *Essentials of Financial Management*. PHI Learning
4. *CMIE Prowess Database.* (2024). *Company-wise financial ratios and performance (includes APMDC if available).*
5. *Andhra Pradesh Mineral Development Corporation Ltd. (APMDC).* (2024). *Annual Reports and Financial Statements.*
6. *Comptroller and Auditor General of India (CAG).* (2023). *Audit Report on Public Sector Undertakings in Andhra Pradesh (includes APMDC financials).*
7. *Care Ratings or ICRA Reports.* (2023). *State PSU credit ratings – with ratio analysis on liquidity, solvency, profitability.*