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Financial Planning Analysis With Special Reference To Rajsriya Pvt Ltd At Hosur

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Abstract

This research paper is focused on importance of financial planning analysis. A financial plan sometimes refers to an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business. In general usage, a financial plan is a series of steps or goals used by an individual or business, the progressive and cumulative attainment of which are designed to accomplish a final financial goal like elimination of debt, retirement etc. This often includes a budget which organizes an individual's finances and sometimes includes a series of steps for spending and saving future income. In this research paper we highlighted the pattern in which individual allocates his savings, whether investor are having awareness about the financial planning & it's importance.

Keywords: Financial planning, saving habits, financial need analysis, investment

INTRODUCTION

The term 'financial planning analysis also known as analysis and interpretation of financial statements' , refers to the process of determining financial strength and weaknesses ofthefirmbyestablishingstrategicrelationshipbetween theitemsofthebalancesheet,profit and loss account and other operative data.Financial planning & analysis can be defined as a set of activities undertaken for forecasting a company's profit or loss in the future. The four activities include – analysis, planning, forecasting and reporting. Financial Planners inform the management on the efficacyofthecompany'splansand investmentviz.thepresentandfuture markettrends.The keyroleof a FPAprofessionalistohelpthe companymanageitsfinances betterbyanalysing various internal and external factors.Financial Planning & Analysis (FP&A) is emerging as its own discipline, separate from accounting and treasury, and is forming strong relationships with the business to help drive financial results. FP&A professionals are seen as key business partners who deliver value and insight and play an important role in organizational planning processes.

RESEARCH BACKGROUND

The global construction sector increasingly favors Financial Planning and Analysis (FP&A) is a critical function that supports strategic decision-making within organizations by integrating financial data with business operations. Historically, FP&A evolved from traditional accounting practices, which primarily focused on recording past financial transactions. Post-World War II, as businesses expanded and markets became more volatile, there was a shift towards forward-looking financial strategies. This period marked the beginning of viewing finance as a dual function: recording past data and planning future actions, emphasizing the importance of forecasting and strategicfinancial planning .

In the 1960s and 1970s, technological advancements, particularly the introduction of computers in business operations, allowed for faster and more accurate processing of financial data. This enabled more complex data analysis, including trend analysis and economic forecasting, further enhancing the role of FP&A in organizational decision-making . The scope of FP&A has continued to expand, encompassing activities such as budgeting, forecasting, financial modeling, and risk management. Modern FP&A leverages advanced technologies like cloud-based software, artificial intelligence, and machine learning to provide real-time data access, predictive analytics, and scenario modeling. These tools have transformed FP&A into a more dynamic and integral part of business strategy, enabling organizations to make data-driven, agile financial decisions . Origins and Evolution: FP&A originated in the mid-20th century as businesses recognized the need for forward-looking financial strategies beyond traditional accounting. Post-World War II economic shifts highlighted the importance of forecasting and strategic planning in navigating market complexities.

IDENTIFIED PROBLEM

The financial planning is an important factor which indicates the growth of the industry. It is influenced by several factors like cost, revenue and the result margin of the company. Financial planning may exhibit with the help of many aspects namely financial facts, financial ratio, financial health, financial strength, utilization of assets etc. If the analysis made on all the aspects of the company gives a clear cut picture about the financial planning of the companies it can be used for some policy implication for future development of the company. Hence, in this study an attempt has been made to study the relationship between various aspects of financial planning of the industry. The cause and effects relationship, growth performance of the company and the utilization of assets are the real problems focused in the present studyto analyse the financial planning of the companyunder this study.

OBJECTIVES OF THE STUDY

- Tostudythe futureenhancement for forecastingfinancial position oftheindustry.
- To evaluate the planning of the company by using ratios to measure the efficiency of the company.
- Tounderstandtheliquidity,profitabilityandefficiencypositionsofthecompany during the study period.
- Toevaluate andanalyzevariousfactsof thefinancial planningtotheindustry.
- Tomakecomparisonsbetween the ratiosduringdifferent periods.

REVIEW OF LITERATURE

Murlidhar, A. Lok Hande & Rana Vishal S. (2018) the author tries to evaluate the performance of the industry with respect to export, Domestic Sales, productions and profit after tax. For this purpose, the pie chart and bar graph are used to show the performance of company various years. Poor financial choices could have a number of negative consequences for young people. Financially illiterate graduates might be subject to various financial or judicial enforcements, such as bankruptcy, mortgage crises or financial frauds. In order to protect young adults from the costly consequences of financial illiteracy, the evaluation of financial literacy must be analysed for transforming them into financially knowledgeable individuals by the help of financial

Dharmaraj, A.and Kathirvel N. (2018) explored an overview of new industrial policy act 1991, which allow 100 percent foreign direct investment. An attempt is made to find out the effect of FDI on financial performance of the industry. It is concluded that the liquidity ratios shows minor changes and profitability shows an increasing trend during post FDI when compared to pre FDI. Post FDI efficiency ratio shows that companies are efficiently utilizing the available resources.

Rapheal Nisha (2018) the author tries to evaluate the financial performance of Indian the industry. The study was conducted for period to analyse the performance with financial indicators, sales trend, export trend, production trend etc. The result suggests the key to success in industry is to improve labour productivity and flexibility and capital efficiency. The authors conclude that the academic degree and the financial knowledge have a significant impact on the individual financial decisions. This evidence justifies the need for efforts development by the regulatory authorities and private organizations to increase the disclosure of financial information as well as the promotion and development of financial education programs for investors.

Hotwani Rakhi (2019) the author examines the profitability position and growth of company in light of sales and profitability of the industry for past ten years. Data is analysed through rations, standard deviations and coefficient of variance. The study reveals that there not exists a strong relationship between sales & profitability of company. This Paper defines that the key attributes such as managerial vision and diverse nature of operating business had helped the Indian companies in the development of the innovative capabilities.

Sharma Rashmi, Pande Neeraj & Singh Avinash (2019) for understanding how social media monitoring can help diving the consumer decision & also study. The functions of social media i.e. monitor, responses amplify and lead at the industry. The researcher had discussion with social media team median managers for collecting data & also visited the official social media sites of MSIL.

Daniel A. Moses Joshunar (2019) the study has been conducted to identify the financial strength and weakness of the industry. using past 5 year financial statements. Trend analysis & ratio analysis used to comment of financial status of company. Financial performance of company is satisfactory and also suggested to increase the loan levels of company for the better performance.

Dhole Madhavi (2020) Investing the impact of price movement of share on selected the company performance. It advise due investors consider various factors before choosing the better portfolio. Sentimental factors do play a role in price movement only in short term but in long run annual performance is sole factor responsible for price movement. This is due to the decreasing trend of bank rates. This also increases the scope of business for the investment companies. The investors are also risk sensitive.

Buvaneswari .R & Kanimozhip (2021) to study the credit worthiness of selected firms in Indian car industry, Tirchy. To measure the fiscal fitness of a company combined a set of five financial ratios. The paper aims at studying the literacy and awareness of capital markets among investors regarding various investment avenues. To find and identify segments preferred more by the people and the influencing force behind the decision making, while investing in currently available options including stock markets. It concludes that investors are moving to new investment avenues such as equity market, mutual funds, bonds, and others like gold, land etc.

Idhayajothi, R et al (2021) the main idea behind this study is to analyse the financial performance of the industry ltd. The result shows that financial performance is sound and also suggested to improve financial performance by reducing the various expenses. The study has been conducted considering the segments such as passenger vehicle, commercial vehicle, and utility vehicle, two and three wheeler vehicle of key player's performance and also analyse SWOT analysis and key factors influencing growth of the industry.

Kale (2022) In his paper mentioned that in the last few years the Indian Industry has grown a lot due to the improvement of the technology and also the growth of the technical knowledge. The Indian the industry has companies which have the capability of developing the design and also bringing innovative product and services. The well-established Global Brands have their market presence in the Indian as well as other emerging market. His paper studies about the understanding of the internal and external factors that helped the Industries or firms to shaped innovative capabilities and their development. It also points out that the Indian Government has secured development in the industrial policy but restricted innovative capability development in manufacturing.

Sumesh Kumar & Dr. Gurbachan Kaur Bhatia (2022) speaks about the sector as it is a dominant player in the economy of the world and not only in India. The Industry also faces several forward and backward linkages which effect the industrial growth. The Industry is growing year by year facing lots of challenges such as consolidations merger and acquisitions etc. and thereby adapted to the new market environment. In his paper he compared two companies after the policy of liberalization and reveals the comparative financial strength and also the study on the basis of liquidity, efficiency and profitability etc.

T. Harikrishnamurthi and Dr. R. Gopi (2022) in his study talks about how Indian industry in the modern era plays an important role. He did analysis of liquidity of the selected companies. He found that the selected companies were not able to maintain ideal current and quick ratio. The net working capital condition of two companies either motors ltd. And Tata motors was in a satisfactory level and remaining were not in satisfactory level

Ray Sabapriya (2023) has highlighted the importance in the actual context of global financial crisis as well as in the increasing complexity of financial products and services. It intensifies the asymmetry of information between financial institutions and costumers, which justifies the need to acquire competences concerning financial issues, as well as be informed about the increasing complexity and diversity of financial products. It is needed to promote citizens savings and avoid families' over indebtedness. Being financially literate is a lifelong process. With the constant and quick changes in personal and economic circumstances, individuals need new knowledge and skills to manage successfully their finances).

Dawar Varun (2023) Study to analyse the effect of various fundamental corporate policy variables like dividend, debit, capital expenditure on stock prices of the companies of India The study tends that dividend & investment policy are relevant and capital structure irrelevant to stock prices. The constant innovation in the financial market, the increasing complexity of information and the different needs of investors according to their age, require all investors to be familiar with matters of financial nature, including young people, considered a public-priority target. Young people becomes a more attractive consumer segment in the economy worldwide

RESEARCH GAP

Financial gap analysis is a strategic process used to compare an organisation's current financial status with its desired financial objectives. This involves a thorough examination of financial statements, performance metrics, and market conditions. Expense gaps refer to the difference between budgeted and actual expenditures. These gaps can indicate areas wherethe business is overspending or where cost-saving opportunities exist. Effective expense management is vital for maintaining financial health and optimising operational efficien

TABLE NO 4.1 DEBTEQUITYRATIO

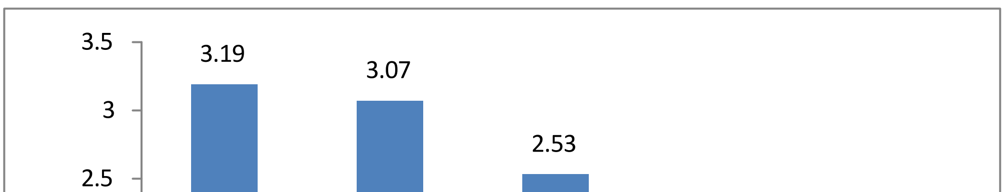
Year	TotalLong–Term Debt	Shareholders'Funds	Ratio
2019-20	340.12	106.42	3.19
2020-21	382.81	124.63	3.07
2021-22	348.95	137.86	2.53
2022-23	318.89	157.88	2.02
2023-24	290.69	183.30	1.58

Source : secondary data

INTERPRETATION

The above table shows that the debt equity relationship of the company during the study period. It was 3.19 in the year 2019-20 and then reached up to 3.07 again in the next year 2020-21 onwards it ultimatelycome down to 2.53. It was decreased from the year 2023- 24 in 1.58. Hence the companyis not maintaining its debt position. The debt equity ratio was decreasing trend.

CHART NO 4.1 DEBTEQUITYRATIO



PROPRIETARYRATIO

Proprietary ratio relates to the proprietors funds to total assets. It reveals the owners contribution to the total value of assets. This ratio shows the long-time solvency of the business. It is calculated by dividing proprietor's funds by the total tangible assets.

$$\text{Proprietary ratio} = \frac{\text{Shareholders' fund}}{\text{Total tangible Assets}}$$

Shareholders Fund = hare capital + Reserves and Surplus

Total tangible Assets = fixed assets+ Current assets + Investment

TABLE NO 4.2 PROPRIETARYRATIO

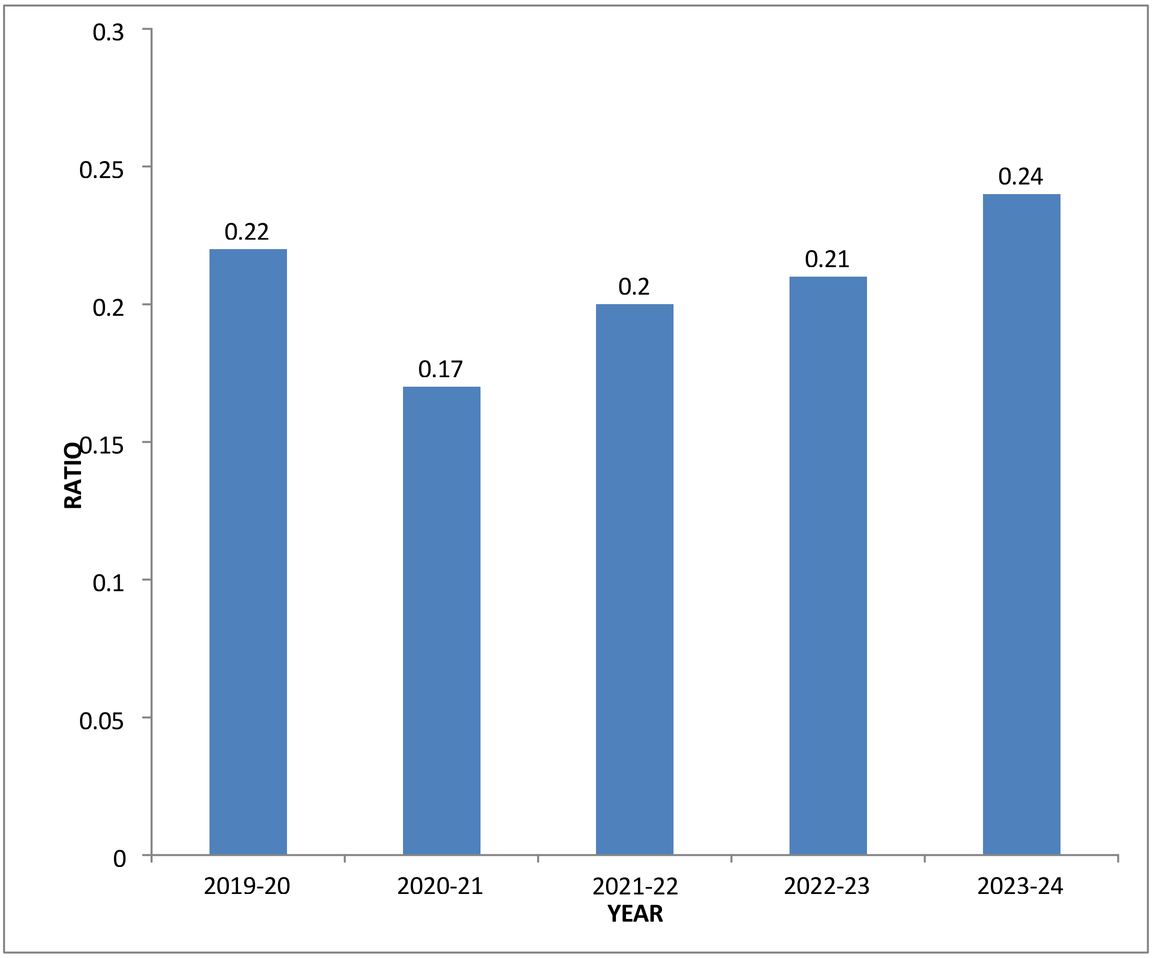
Year	Shareholders'fund	Total tangible Assets	Ratio
2019-20	106.42	471.44	0.22
2020-21	124.63	728.85	0.17
2021-22	137.86	688.63	0.20
2022-23	157.88	745.19	0.21
2023-24	183.30	760.44	0.24

Source : secondary data

INTERPRETATION

The above table and diagram shows that the proprietary ratio during the study period. In the year of 2019-20 is 0.22 and in the last year of 2023-24 is increased to 0.24. In all the years the owner's contribution to the total assets was appropriate and they maintain their share in the company's assets.

CHART NO 4.2 PROPRIETARYRATIO



DEBTORSTURNOVERRATIO

Ratio of net credit sales to average trade debtors is called as debtor's ratio. It is also known as receivables turnover ratio. This ratio is expressed in times. Accounts receivablesare the term which includes trade debtors and bills receivables. It is a component of current assets and as such has direct influence on working capital position (liquidity) of business. Perhaps, no business can afford to make cash sales only thus extending credit to thecustomersis anecessaryevil. But caremust betaken to collect book debtsquicklyand within the period of credit allowed. Otherwise chances of debts becoming bad and unrealizable will increase.

Total Sales

Debtors'turnover ratio = ---------------------

Accountreceivable

TABLE NO 4.3 DEBTORS'TURNOVERRATIO

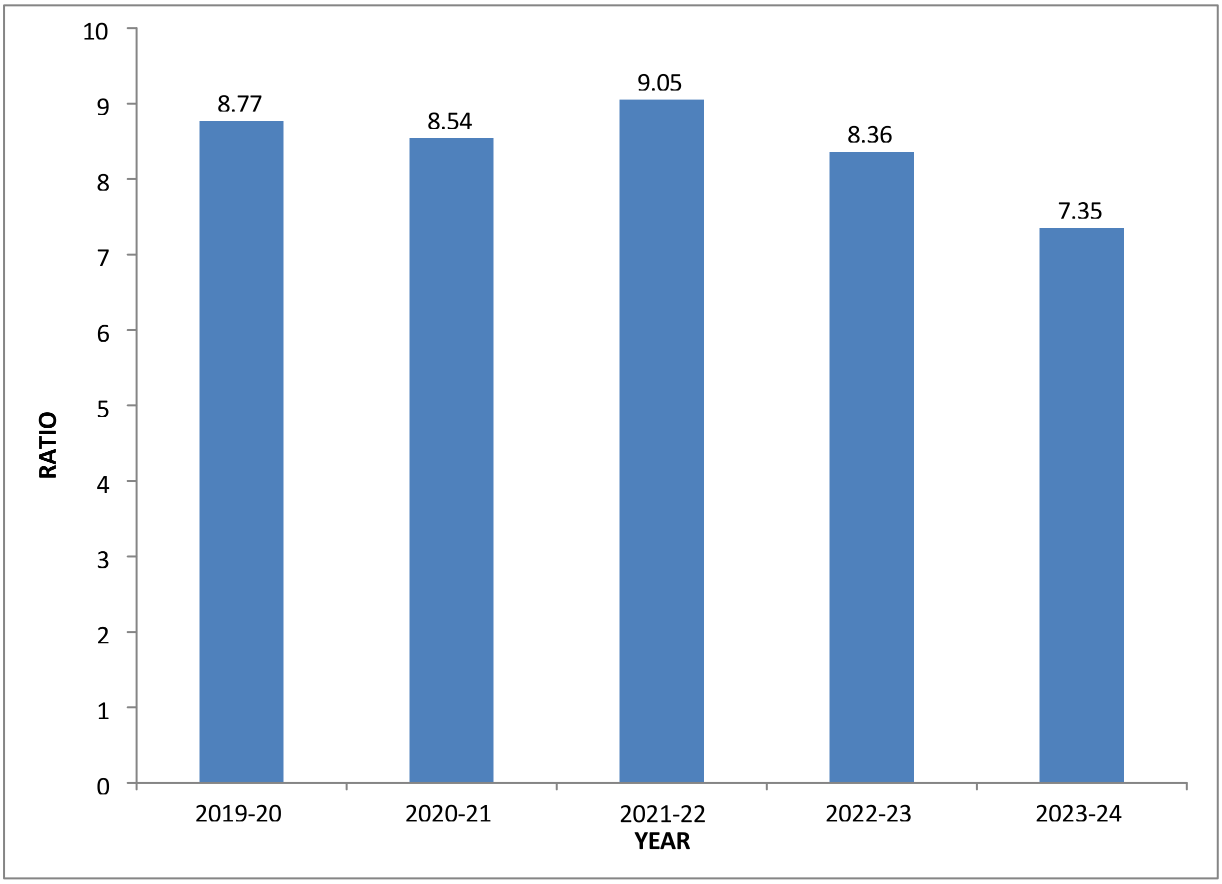
Year	Total Sales	Accountreceivable	Ratio
2019-20	351.80	40.13	8.77
2020-21	498.83	58.39	8.54
2021-22	649.47	71.73	9.05
2022-23	658.24	78.70	8.36
2023-24	707.82	96.18	7.35

Source: secondary data

INTERPRETATION

From the above table it is inferred that the debtor's turnover ratio shows a fluctuation, it was higher ratio 9.05 in the year 2021-22 and shows and decreased 7.35 in the year of2023-24. It shows that the company has not better collection of debt. The debtors turnover ratio is decreasing and fluctuating trend.

CHART NO 4.3 DEBTORS'TURNOVERRATIO



SUMMARY OF FINDINGS

1. This appraised values 10% of the variations suggest that dealing with the export in engineered quartz will be a good profitability to the concerns.

2. Even though there is a fluctuations in the EURO currency, it maintain the benchmark of the constant of 3years growth and downfall of 2years, the EURO currency would be better for grown industries to adjust their financial stability.
3. This Advance Authorization (AA) can save the expenses of 27% of cost from the export and convent it in the additional income to the organization.
4. The EPCG Scheme is gigantic financial influencer to the concern by the exceptions of the entire duty of the exported goods and save the 27% of taxable amount.
5. The duty drawback is 0.8% of recovery expense from the duty for the concerns, who deals with the legal and regulatory exports of engineered quartz.
6. The RoDTEP Scheme is generating the additional profitability of 1% from the shipping bills this RoDTEP can be utilized in the duty claims or can be sold to the concerns who deals with the export.
7. The concern have utilized the 31.7Crores of income in this four years by utilizing government schemes and remission of taxes and duties from the export of engineered quartz.
8. 80% of duty claims came from GST refunds, 11% from duty drawbacks, and 8% from RoDTEP*, showing strong government support for the quartz exporters.
9. FOREX Market displays the trade difference in the various international currencies to avoid unwanted risk occurred by the currency exchange.

SUGGESTION

The company should concentrate more on the working capital.

The company maintains it debit in order to have profit maximizations.

It’s important for the company to stability in growth of sales by adapting the completive promotional programs so that it will result in increase of profit as well as volume of stock.

It is very much essential for the firm to manage the movement of fund from the fund mobilized from term sources should necessarily be used for the purpose of purchasing a fixed asset or redemption of loan suppose the firm uses its fund mobilized from long term sources for other purpose it will question that the expansion of business and the real earning of the business.

Generally the firm has used fund arise from operating activities. It shows that financial the firm is expanding so the firm should maintain the present position until it reaches as the available opportunities.

CONCLUSION

The study conducted on ratio analysis at the company gives a view of analysis evaluation of liquidity position of the company. Based on the tools used analysis and interpretation have been made giving way for useful and constructive suggestions. Thus the ratio analysis of the company is satisfactory. The company should enhance its performance for meeting challenges and exploiting opportunities in future. The project will guide to the management to interpret its weakness and problems this will certainly help the managementto taking financial decision. However more efforts need to be taken to improve the financial position for the growth of the company.

DIRECTIONS FOR FUTURE RESEARCH

Financial planning and analysis (FP&A) shouldfocus on leveraging advancements in technology, particularly artificial intelligence (AI) and machine learning, to automate routine tasks and enable more sophisticated analysis. Research should explore how to incorporate sustainability factors into financial models, providing insights into the long-term financial implications of environmental, social, and governance (ESG) initiatives. Future research should focus on developing agile and resilient FP&A processes that can adapt quickly to changing market conditions and external factors, according to the same blog post.

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