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A comprehensive performance analysis of manufacturing companies: A case study approach on flowserve microfinish pumps and valves private limited Hubli

[1]Prathap B.N, [2]Prakash Gobari
[1]Assistant Professor, [2]MBA Student,
[1,2] Department Of MBA, Department Of MBA,Shridevi Institute of Engineering and Technology, Tumakuru, Karnataka, India.
Email:[1]prathap.bn@gmail.com, [2]prakashvs119@gmail.com

Abstract: *The study presents a comprehensive analysis of performance of ,Flowserve Microfinish Pumps and Valves Pvt , Ltd. Hubli , for the era from the 2020 to 2022(3 years),the Finance manager has to play important role to analyse the execution of the firm. The research has focuses on the key financial indicators and their impact on the firms success. The study evaluates their financial statements, liquidity ratios, profitability measures, and effective metrics for the past three years, the firms ability to handle and control its own resources. Cash flow, balance sheet, profit & loss , capital change can be the basic information for the finance manager to made decisions. The findings has to be lights on the firms financial stability, growth prospects, and overall the performance of the enterprises. The study focuses on the importance of financial performance evaluation for Flowserve Microfinish Pumps and Valves Pvt, Ltd. and how it has to be influence the competitive advantage and also long term sustainability in market.*

Key Words: *Financial performance, Financial statements, liquidity ratios.*

1. INTRODUCTION:

Financial performance is a essential aspect of evaluating the health and success of any industries. It also refers the capability of a company to generate profits, manage expenses, utilize resources proficiently, and meet its financial obligations. Understanding a company's monetory position is a essential for diverse stakeholders, including management, investors, creditors, analysts, and regulators, as it provides insights of great value into the company's overall health and sustainability. Financial performance analysis involves the systematic assessment of company's financial statement and relevant financial metrics to assess its profitability, liquidity, solvency, efficiency and growth prospects. By analyzing these key indicators, stakeholders can gauge how well the company is performing in relation to its objectives, industry peers, and market expectations. Ratios indicating profitability, such as gross margin of profit, margin of operating profit, and margin of net profit, grant perspectives into how effectively the enterprise is producing earnings from its fundamental business undertakings. Ratios of liquidity, akin to the ratio of current circumstances and the ratio of prompt circumstances, evaluate the enterprise's capability to fulfill its immediate fiscal commitments. Ratios of solvency, exemplified by the ratio of debt to equity and the ratio of interest coverage, assess the enterprise's enduring fiscal steadiness and capacity to manage its debt.

2. LITERATURE REVIEW:

Dr.Ahmed Arif Almazari : This study essentially aims to gauge the financial effectiveness of Jordanian Arab Commercial banks during the timeframe of 2000 to 2009. This objective is pursued through the application of the Du Pont financial analysis system, the assessment of the return on equity model is the foundation of its reliance. The writer employs diverse iterations of financial ratio analysis to assess the examination of bank performance, drawing on data from initial financial statement items. The manuscript introduces the dissection of the bank's return on equity, wherein net profit margins, total assets turnover, and the equity multiplier come under scrutiny. **Ali Alshehhi, Nilesh khare,and Haitham Nobanee :** This study needs to demonstrate the review of literature regarding the effects of corporate sustainability on corporate financial performance. In this investigation, they utilized 132 articles from reputable academic journals. The literature transitioned from initially analyzing the influence of individual dimensions of sustainability on corporate finance performance to considering a broader cumulative effect of overall sustainability impact.**Marcos Dieste, Roberto Panizzolo, Jose Arturo Garza Reyes :** The authors are discussed the lean philosophy has demonstrated its efficiencies to improves the companies operational performance, and also impact of lean practices upon the financial performance is still unclear due to the poor understood of the link between operational and economic measures and conflicts results obtained by previous research. Financial performance is a part of the strategic imperatives for businesses and generally good results are connected to operational efficiency. **Hasan Ayaydin, Ibrahim Karaaslan :** This study's fundamental aim revolves around elevating the scrutiny of factors impacting business financial performance. Therefore, the primary concentration of the investigation centers on delving into the influence of research and development investments on the, financial performance of enterprises. The utilization of GMM system estimators is employed to estimate the financial performance of firms, encompassing a selection of 145 manufacturing entities listed on BIST during the time period of 2008-2013. The central objective of this explore is to impart a noteworthy addition to the prevailing body of knowledge in the fields of accounting and finance. **Jose F Molina Azorin, Enrique Claver Cortes Maria D LopezGamero, Juan J (2009) :** The purpose of study is to carry a literature review on quantitative studies that has to be analyzed the impacts of green management on financial performance. The total number of 32 studies were identified , examines the environmental variables used, the fiscal performance variables, the statistical analyses, the main findings obtained by these studies. **Priyanka Aggarwal (2013) :** The primary goal of this study is to address the paramount concern of sustainability, which stands as a pivotal challenge encountered by organizations. This concern holds the power to impact the comprehensive efficiency and profitability of enterprises. Over a past few many years, there has to be a notable surge in count of companies producing sustainability reports. Within this context, a thorough examination of 30 studies has been undertaken. The outcomes exhibit a diverse spectrum, varying from favorable to adverse, and it has also statistically inconsequential correlations. These variations correspond to the selection of distinct metrics for gauging sustainability reporting effects.

3. OBJECTIVES OF THE STUDY:

- ✓ The study evaluates the firm’s ability to meet up short term obligations by assess liquidity ratios like current ratios and quick ratio.
- ✓ The study investigates the firms cash flow position to understand its capability to produce cash from operating activities and its ability to meet financial commitments.
- ✓ By examining inventory turnover, receivables turnover, and payables turnover ratios, the study aims to assess the company's competence in managing its resources effectively.

4. RESEARCH METHODOLOGY:

The study on the Financial performance analysis of the Flowserve Microfinish Pumps and Valves Pvt, Ltd. is based on primary and secondary data.

Primary data:

The data of primary has to be composed through the analyzing of financial reports of the company, and also statistics data has to be gathered through directly interactions with the account department of the company.

Secondary data:

The secondary data should be gathered from the text books, journals and the additional articles are published in online and updated facts about the financial performance, and also apart from that primary data to secondary data also has to been composed from the company broachers, Magazines and from the website of the company etc.

5. DATA ANALYSIS AND INTERPRETATION:

TABLE : 1 AVEREAGE 3 YEARS CURRENT RATIO : (Rs in Crores)

YEAR	CURRENT ASSETS	CURRENT LIABILITY	RATIO
2019-20	47,194.15	48,997.16	0.96
2020-21	53,072.65	56,024.58	0.94
2021-22	46,767.55	53,633.01	0.87

INTERPRETATION :

Based upon the provided table, there is evident that for the years 2019-20, 2020-21, and 2021-22, there has been a decline in the current ratio. Typically, current ratio of 2:1 is regarded as the norm. A careful analysis of the table reveals the firm has not been successful in achieving the established benchmark ratio. This lack of success can be attributed to FMVP's limited endeavors in augmenting its current assets to enhance its liquidity position.

TABLE :2 SUPER QUICK RATIO

YEAR	SUPER QUICK ASSETS	CURRENT LIABILITY	RATIO
2019-20	11,982.73	48,997.16	0.24:1
2020-21	2461.64	56,024.58	0.04:1
2021-22	6110.75	53,633.01	0.11:1

INTERPRETATION :

The table effectively illustrates year-to-year variability. For instance, in 2019-20, the value stood at 0.24, which then dropped to 0.04 in 2020-21, followed by a subsequent increase to 0.11 in 2021-22. Typically, an optimal ratio of super quick is 0.5:1 is recommended. A careful examination of the table reveals that the enterprses fails to achieve the prescribed standard ratio in any of the years. The company's inability to uphold the super quick asset level to settle its corresponding liabilities is evident from the table..

TABLE :3 STOCK TURNOVER RATIO :

YEAR	NET SALES	INVENTORY	RATIO
2019-20	60,560.50	25,650.76	2.36
2020-21	82,141.80	37,908.05	2.16
2021-22	65,713.10	30,065.14	2.2

INTERPRETATION :

The presented table indicates the variability of the stock turnover ratio, with fluctuations occurring annually. Specifically, in 2019-20, the ratio was recorded at 2.36. This value subsequently experienced a reduction to 2.16 during 2020-21, followed by a marginal rise to 2.2 in 2021-22. Typically, an optimal ratio of the stock turnover is a 8 times is deemed suitable. The data in the table distinctly illustrates that the stock turnover ratio experiences changes each year. This pattern implies that the inventory policy of company is less than optimal.

TABLE :4 FIXED ASSET TURN OVER RATIO :

YEAR	NET SALES	FIXED ASSETS	RATIO
2019-20	60,560.50	85,679.98	0.71
2020-21	82,141.80	1,07,746.41	0.80
2021-22	65,713.10	1,24,221.10	0.52

INTERPRETATION :

The provided table discerns the fluctuating nature of the ratios across different years. For instance, in 2019-20, the ratio stood at 0.71, and then experienced an increment in 2020-21, reaching 0.80, only to decrease again to 0.52 in 2021-22. Ordinarily, a fixed asset turnover ratio of 4 times is deemed satisfactory. Upon study of the table, it becomes evident that fixed asset turnover ratio falls below the established standard. This is attributed to the firm's inadequate utilization of its fixed assets, primarily stemming from the extended usage of aging machinery..

6. FINDINGS:

- Firm doesn't use their current assets properly and effectively because of current ratio is fluctuating year by year, current ratio has does not reach the standard ratio.
- If the fixed asset turnover ratio falls below the acceptable threshold, it shows that the firm is not effectively employing its fixed assets has to generate sales.
- The Stock turnover ratio is the below standard, then it shows the firms stock will be not capable to convert cash very quickly.
- Super quick ratio is, also the below standard , the small term liquidity position is very bad.

7. CONCLUSION:

The study of financial performance it can accomplished that the FMVP Pvt, Ltd. has reasonable position and the firm is to progress their liquidity and solvency. If firm will perform with more efficiently then it can achieve the greater success in future. The strength of FMVP is its quality policy to design, to manufacture, to market quality products at competitive prices, to entire fulfillment of the customers and to attain market leadership. The company knows the requirements of customers. Finally I would conclude that the FMVP is a reputed firm producing the Pumps and Valves. The firm gets many orders from throughout the India and outsides. The company having the good relationship with their customers.

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