FINANCIAL PERFORMANCE APPLYING RATIO

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ABSTRACT

The analysis paper of an analysis of financial performance applying ratio analysis of "drish shoes private limited" is enabled to study and evaluate the company's financial performance and its position in shoe industry by applying ratio analysis. The company's financial performance has been thoroughly examined during the years from 2015-2019. The company's data gathered from the secondary sources. The study includes analysing the profit and loss account and balance sheet for the five years periods. It intimates the company's financial position during the year which is useful for correct decision making. It assists to change the company into very right direction towards profit. This paper gives the guiding principle about the Liquidity Ratios, Solvency Ratios , Coverage Ratios, Activity Ratios and Profitability Ratios analysis of Drish shoes Pvt Ltd, Village-Rajpurateh Nalagarh, District-Solan, Himachal Pradesh.

Keywords: Accounting Ratios, Financial position, Financial Performance and Drish Shoes Private Limited**.**

INTRODUCTION

Analysis of Ratio is one of the methodology and powerful tool of financial analysis where it is used as a yardstick for evaluating the financial conditions and performance of a company. It is used as a device to examine in detail and elucidate the financial health of a company. Ratio analysis of financial statements assists the management in right decision making and proper control. Ratio analysis is the universally accepted tool for evaluation of efficiency and profitability of the business, financial condition. Hence, the ratio analysis is beneficial from the following objects:

- Short- term planning and long- term planning
- Measurement of financial presentation and assessment of financial performance
- Analyse based on the financial trends
- Conclusion making for operations and investments
- Financial problems must be analysed.
- Providing the valuable appreciation into company's picture or financial position

The principal aim of a business pledge is to create profits. Profit earning is taken into account most vital for the continuity of the business enterprises. A business needs profits not just for its existence however conjointly for growth and diversification. The investors want a adequate returns on their investment in addition to workers and creditors. A business company can execute its responsibility to various segments of the society only through earning of good profit. Financial performance is prepared to review the state of investment in a business.

Financial performance is a basic instrument which provides all information regarding the financial position and operational efficiency of the company. The current ratio, quick ratio, net profit may increase in this respect. It is concluded that the overall financial performance was not satisfactory as per analysis. The company has to take appropriate steps to control the cost, raise the volume of sales, profit in the forthcoming years. So, proper planning should be made. The company ought to try and use properly their operating assets and should try to minimize their non-operating expenses.

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