

# A Study on Financial Performance Analysis Nithya Packaging Pvt Ltd

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**Abstract-** *The study titled “Financial Performance Analysis of Nithiya Packaging Private Limited” examines the financial strength, stability, and operational efficiency of the company over a five-year period. The analysis focuses on key financial indicators such as liquidity, profitability, solvency, and operational efficiency using tools including Comparative Balance Sheet, Common Size Statement, and Ratio Analysis. Secondary data collected from published financial statements was used to evaluate trends and identify financial strengths and weaknesses. The findings indicate that the company has shown consistent growth in assets, reserves, and overall financial position, supported by steady expansion in manufacturing capacity and investments. Liquidity ratios displayed fluctuations, reflecting varying short-term financial flexibility, while solvency ratios showed stable long-term financial health. The study highlights areas requiring managerial attention, such as efficient working capital utilization and reduction of short-term liabilities. Overall, the analysis concludes that Nithiya Packaging Private Limited maintains a stable financial structure with positive growth trends, supporting future expansion and sustainability. The study also provides suggestions to enhance financial performance and strengthen the company’s competitive position in the manufacturing sector.*

**Keywords-** Profitability Analysis, Financial Performance, Profitability Ratios, Gross Profit Ratio, Net Profit Ratio, Return on Capital Employed (ROCE), Ratio Analysis

## I. INTRODUCTION

The Term ‘Financial Performance analysis also known as analysis and interpretation of financial statements’, refers to the process of determining financial strength and weaknesses of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data.

The analysis of financial statements is an important aid to financial analysis. They provide information on how the firm has performed in the past and what is its current financial position. Financial analysis is the process of identifying the financial strengths and weakness of the firm from the available

accounting data and financial statements. The analysis is done by establishing relationship between the different items of financial statements.

The focus of financial analysis is on key figures in the financial statements and significant relationship that exists between them. The analysis of financial statements is a process of evaluating relationship between component parts of financial statements to obtain a better understanding of the firm’s position and performance.

Investors and customers are keen on reviewing a company financial statement to gauge its financial strength. Financial institutions are the pillar of the economy, which makes their financial soundness a top-priority issue not only for the public regulators and investors. Equally important, review the financial results helps analysts set economically sound firms apart from troubled institutions.

Financial performance is the process of determining the operating and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm’s management, as reflected in the financial records and reports.

The analyst attempts to measure the firm’s liquidity, profitability and other indicators that the business is conducted in a rational and normal way; ensuring enough returns to the shareholders to maintain at least its market value. Public sector enterprises possess strong prospects for growth because they harness new business opportunities, and at the same time expanding the scope of their current business

## BENEFITS OF FINANCIAL PERFORMANCE

The evaluation of financial performance offers several significant benefits to businesses. It supports improved decision-making by providing insights into profitability, efficiency, and resource utilization, enabling management to plan strategically and adjust operations effectively.

Financial performance analysis helps optimize resources by identifying cost-saving opportunities and areas requiring better management.

It also builds investor confidence by showcasing the company's ability to generate returns and sustain growth, while providing early identification of risks such as liquidity or solvency issues, allowing for proactive risk management.

Additionally, financial performance benchmarking helps organizations compare their results with industry standards or competitors, fostering continuous improvement.

By ensuring transparency and building trust among stakeholders, it enhances the company's reputation.

## IMPORTANCE OF FINANCIAL PERFORMANCE

### 1. Informed Decision-Making:

Provides insights for strategic planning, budgeting, and operational improvements. Strong financial performance analysis enables executives to make data-driven choices about resource allocation, investments, and strategic planning.

### 2. Attracts Investors:

Demonstrates the company's ability to generate returns and sustain growth. Investors, lenders, and venture capitalists rely on financial performance metrics—such as return on equity or debt-to-equity ratios to assess a company's growth potential and risk.

### 3. Risk Management:

It involves identifying, assessing, and mitigating financial risks that could adversely affect a company's profitability, liquidity, and overall economic stability.

### 4. Benchmarking:

Allows companies to compare their performance with industry standards and competitors. This benchmarking drives ongoing enhancements, such as refining cost structures or boosting efficiency, ultimately leading to sustainable growth and adaptability in dynamic markets.

## NEED OF THE STUDY

- Financial statement is mirror which reflects the financial position and strengths or weakness of the concern.

- Every business needs to view the financial performance analysis.
- The financial analysis strengthens the firms to make their best use, and to be able to spot our financial weakness of the firm to state suitable corrective actions.
- This study aims at analyzing the overall financial performance of the company by using various financial tools like comparative analysis, common size statement analysis, ratio analysis.

## STATEMENT OF THE PROBLEM

Financial performance analysis is a critical tool for assessing the efficiency, stability, and profitability of an organization. Despite its importance, many organizations struggle to maintain consistent financial growth and operational efficiency due to poor financial management, inadequate cost control, and ineffective utilization of resources. Stakeholders, including management, investors, and creditors, often find it challenging to make informed decisions when the company's financial performance is not properly evaluated.

In many cases, organizations focus only on short-term profitability without adequately analyzing key financial indicators such as liquidity, solvency, profitability, and efficiency ratios. This lack of comprehensive financial analysis can lead to misguided strategic decisions and financial distress.

## SCOPE OF THE STUDY

- The study will help manufacturing companies identify their financial strengths and weaknesses, enabling them to develop corrective strategies and make informed business decisions.
- This research provides valuable insights for investors, creditors, and stakeholders to assess the financial viability and investment potential of manufacturing companies.
- The project offers a comprehensive framework for analyzing manufacturing-specific metrics such as inventory turnover, asset utilization, production efficiency, and cost structure analysis.
- The findings can assist management in benchmarking their financial performance against industry standards and competitors to maintain competitive advantage in the manufacturing sector.
- The study will contribute to academic literature by providing empirical evidence on financial performance determinants and trends in the manufacturing industry.

## OBJECTIVES OF THE STUDY

- To Study the Financial Position of Nithya Packaging Private Limited.
- To Examine the Liquidity Profitability Solvency position of the company.
- To analyze the comparative balance sheet and common size income statement.

## LIMITATION OF THE STUDY

- The Suggestions are worth only for a short period, because of changes in business transactions.
- Due to the time constrains the researcher has made use of pertaining to five years.
- The study is limited to NITHIYA PACKAGING PRIVATE LIMITED industries only.

## II. REVIEW OF LITERATURE

**Muthusamy.A & Karthika. S (2024)** In this study on financial performance of selected cement companies in India is to evaluate the liquidity and profitability of two selected cement firms, their paper on convenience sampling method was treated. The study analyses the financial performance of two major Cement companies via., UltraTech Cement Limited and Shree Cement Limited. Statistical instruments such as the descriptive and correlation approach used and the five-year data outcome measure suggest that the profitability position in the two companies is fulfilled, but the liquidity position in the two companies is not fulfilled.

**Bansal and Gupta (2024)** In this study systematic review of financial performance in the manufacturing industry, analyzing scholarly publications to understand relevant factors influencing the financial performance of firms in the manufacturing industry. The relationship between firm value and financial performance in the manufacturing sector, showing that organizational characteristics such as strategy, innovation, and sustainability practices have a significant influence on financial performance, which ultimately affects the value of the company. The study summarized the most commonly used financial performance indicators, such as ROA, ROE, EPS, and NPM, and evaluated their contribution to understanding manufacturing sector performance.

**Perera and Fernando (2024)** A study of investigated the impact of financial distress on financial performance with evidence from manufacturing companies in the Colombo Stock Exchange, analyzing all 36 manufacturing companies over five years from 2015 to 2019. Using Altman's Z-score

model to diagnose financial health, the study showed a significant association between financial distress and financial performance, revealing that company's financial performance increases with the rise in Z-score values and decreases with financial distress. This research underscores the importance of early warning systems and proactive financial management in the manufacturing sector.

## III. RESEARCH METHODOLOGY

**Research Methodology** refers to the **systematic process** used to plan, structure, and carry out a research study. It includes the **methods, techniques, tools**, and procedures employed to **collect, analyse, and interpret data** relevant to the research problem. The aim is to ensure that the findings are **accurate, reliable, and valid**.

### Research Design:

Research Design is the overall framework or blueprint that guides how a research study is conducted. It outlines how data will be collected, analysed, and interpreted in order to achieve the objectives of the study. A good research design ensures the validity, reliability, and objectivity of the research outcomes.

### DATA SOURCE & COLLECTION METHODS:

There are two types for collecting data

- Primary data
- Secondary data

### TOOLS USED FOR ANALYSIS OF DATA:

- Comparative Balance Sheet
- Common Size Balance Sheet
- Ratio Analysis

## IV. DATA ANALYSIS AND INTERPRETATION

### 4.1 TABLE SHOWING COMPARATIVE BALANCE SHEET OF NITHIYA PACKAGING PRIVATE LIMITED AS ON 31<sup>ST</sup> MARCH 2020-2021

PARTICULARS	YEAR 2020	YEAR 2021RS	PERCENT AGE %
	RS (IN LAKHS)	(IN LAKHS)	
ASSETS			
CURRENT ASSETS			

Inventories	464.67	558.57	20.20%
Sundry debtors	237.63	236.17	-0.61%
Cash and Bank balances	181.47	28.4	-84.35%
Loans and advances	219.43	214.9	-2.06%
<b>Total current assets (A)</b>	1103.21	1038.04	-5.90%
Total fixed assets (B)	1032.5	1184.67	14.73%
Investments (C)	33.64	33.64	-
Other Current Assets (D)	99.81	67.5	32.37%
<b>TOTAL ASSETS (A+B+C+D)</b>	2269.15	2323.85	2.41%
<b>LIABILITIES:</b>			
<b>SHAREHOLDER FUNDS</b>			
Share capital	25.41	25.41	-
Reserves and Surplus	1098.14	1196.25	8.93%
<b>TOTAL SHAREHOLDER FUNDS (A)</b>	1123.55	1221.66	8.73%
<b>CURRENT LIABILITIES</b>			
Liabilities	651.07	838.11	28.72%
Provision	165.73	35.37	-78.65%
<b>TOTAL CURRENT LIABILITIES (B)</b>	816.8	873.48	6.93%
<b>LONG TERM LIABILITIES</b>			
Secured loans	230.87	200.67	-13.08%
Unsecured loans	97.93	28.04	-71.36%
<b>TOTAL LONG TERM LIABILITIES (C)</b>	328.8	228.71	-30.44%
<b>TOTAL LIABILITIES (A+B+C)</b>	2269.15	2323.85	2.41%

### INTERPRETATION

From the balance sheet were compared, the following facts are identified. There is decline in current assets, particularly in cash and bank balances. The comparative balance sheet of the company reveals during the year, that there has been increase in the fixed assets by 14.73%. Total assets have been increased during the year 2020 by 2.41% both total assets and liabilities have increased while compare to the previous year.

### 4.2 TABLE SHOWING COMPARATIVE BALANCE SHEET OF NITHIYA PACKAGING PRIVATE LIMITED AS ON 31<sup>ST</sup> MARCH 2021-2022

PARTICULARS	YEAR 2021 RS (IN LAKHS)	YEAR 2022 RS (IN LAKHS)	PERCENT AGE %
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	558.57	776.79	39.06%
Sundry debtors	236.17	275.64	15.44%
Cash and Bank balances	28.4	78.73	177.21%
Loans and advances	214.9	189.82	-11.60%
<b>Total current assets (A)</b>	1038.04	1320.98	27.25%
Total fixed assets (B)	1184.67	1263.3	0.05%
Investments (C)	33.64	33.66	6.63%
Other Current Assets (D)	67.5	46.73	30.70%
<b>TOTAL ASSETS (A+B+C+D)</b>	2323.85	2664.67	14.66%
<b>LIABILITIES:</b>			
<b>SHAREHOLDER FUNDS</b>			
Share capital	25.41	25.41	-
Reserves and Surplus	1196.25	1528.04	27.73%
<b>TOTAL SHAREHOLDER FUNDS (A)</b>	1221.66	1553.45	27.15%
<b>CURRENT LIABILITIES</b>			
Liabilities	838.11	862.34	2.89%
Provision	35.37	17.34	-50.97%
<b>TOTAL CURRENT LIABILITIES (B)</b>	873.48	879.68	0.70%
<b>LONG TERM LIABILITIES</b>			
Secured loans	200.67	49.65	-75.25%
Unsecured loans	28.04	181.89	545.72%
<b>TOTAL LONG TERM LIABILITIES (C)</b>	228.71	231.54	1.23%
<b>TOTAL LIABILITIES (A+B+C)</b>	2323.85	2664.67	14.66%

**INTERPRETATION:**

From the balance sheet were compared, the following facts are identified. There is significant growth in current assets, particularly in inventories and cash balances. There has been increase in the investments by 6.63%. The reserves & surplus also increased by 27.15%. Total liabilities has been increased during the year 2021 by 14.66%, there is decreased in secured loans and increased in unsecured loans.

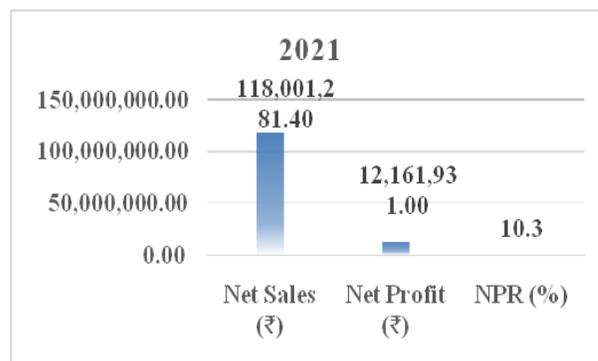
**4.3 TABLE SHOWING COMPARATIVE BALANCE SHEET OF NITHIYA PACKAGING PRIVATE LIMITED AS ON 31<sup>ST</sup> MARCH 2022-2023**

PARTICULARS	YEAR 2022 RS (IN LAKHS)	YEAR 2023 RS (IN LAKHS)	PERCENTAGE %
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	776.79	696.98	-10.27%
Sundry debtors	275.64	383.03	38.96%
Cash and Bank balances	78.73	33.49	-57.46%
Loans and advances	189.82	198.77	4.71%
<b>Total current assets (A)</b>	<b>1320.98</b>	<b>1312.27</b>	<b>-0.65%</b>
Total fixed assets (B)	1263.3	33.66	-
Investments (C)	33.66	1353.39	7.17%
Other Current Assets (D)	46.73	75.02	60.50%
<b>TOTAL ASSETS (A+B+C)</b>	<b>2664.67</b>	<b>2774.34</b>	<b>4.11%</b>
<b>LIABILITIES:</b>			
<b>SHAREHOLDER FUNDS</b>			
Share capital	25.41	25.41	-
Reserves and Surplus	1528.04	1707.64	11.75%
<b>TOTAL SHAREHOLDER FUNDS (A)</b>	<b>1553.45</b>	<b>1733.05</b>	<b>11.56%</b>
<b>CURRENT LIABILITIES</b>			
Liabilities	862.34	788.58	-8.55%
Provision	17.34	20.35	17.35%
<b>TOTAL CURRENT LIABILITIES (B)</b>	<b>879.68</b>	<b>808.93</b>	<b>-8.04%</b>
<b>LONG TERM LIABILITIES</b>			
Secured loans	49.65	67.08	35.10%
Unsecured loans	181.89	165.28	-9.13%
<b>TOTAL LONG TERM LIABILITIES (C)</b>	<b>231.54</b>	<b>232.36</b>	<b>0.35%</b>

<b>TOTAL LIABILITIES (A+B+C)</b>	<b>2664.67</b>	<b>2774.34</b>	<b>4.11%</b>
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**INTERPRETATION:**

From the balance sheet were compared, the following facts are identified. The comparative balance sheet of the company reveals during 2022, that there has been decrease in inventories and cash balances. The total assets increased by 4.11% and liabilities also increased in the year. There is decrease in current liabilities and long-term liabilities.

**4.2.2 CHART SHOWING NET PROFIT RATIO OF 2021****INTERPRETATION:**

The company reported Net Sales of ₹11.80 crore and Net Profit of ₹1.21 crore, which improved the Net Profit Ratio to 10.3%. This 0.5% increase over 2020, while appearing marginal, is financially significant as it indicates improved expense management relative to revenue. The increase shows that as sales grew, the company was able to generate slightly higher profitability per unit of revenue. This improvement could have been driven by better cost absorption, improved operational efficiency, and possibly lower financing.

**4.4 TABLE SHOWING COMPARATIVE BALANCE SHEET OF NITHIYA PACKAGING PRIVATE LIMITED AS ON 31<sup>ST</sup> MARCH 2023-2024**

PARTICULARS	YEAR 2023 RS (IN LAKHS)	YEAR 2024 RS (IN LAKHS)	PERCENTAGE %
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	696.98	750.44	7.67%

Sundrydebtors	383.03	387.41	1.14%
CashandBankbalances	33.49	35.84	7.01%
Loansandadvances	198.77	220.72	11.04%
Totalcurrentassets(A)	1312.27	1394.41	6.25%
Totalfixedassets(B)	33.66	63.8	89.54%
Investments(C)	1353.39	1611.01	19.03%
OtherCurrentAssets(D)	75.02	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>2774.34</b>	<b>3069.22</b>	<b>10.62%</b>
<b>LIABILITIES:</b>			
<b>SHAREHOLDER FUNDS</b>			
Sharecapital	25.41	25.41	-
Reservesand Surplus	1707.64	1967.24	9.43%
<b>TOTAL SHAREHOLDER FUNDS</b>	<b>1733.05</b>	<b>1992.65</b>	<b>9.30%</b>
<b>CURRENTLIABILITIES</b>			
Liabilities	788.58	890.5	12.92%
Provision	20.35	24.01	17.98%
<b>TOTAL CURRENT LIABILITIES</b>	<b>808.93</b>	<b>914.51</b>	<b>13.05%</b>
<b>LONGTERM LIABILITIES</b>			
Securedloans	67.08	162.06	141.59%
Unsecuredloans	165.28	-	-
<b>TOTAL LONGTERM LIABILITIES(C)</b>	<b>232.36</b>	<b>162.06</b>	<b>30.25%</b>
<b>TOTAL LIABILITIES (A+B+C)</b>	<b>2774.34</b>	<b>3069.22</b>	<b>10.62%</b>

### INTERPRETATION:

From the balance sheet were compared, the following facts are were identified. There is no increase or decrease in share capital. So, it remains constant. The comparative balance sheet of the company reveals during the year, that there has been increase in the fixed assets by 19.03%. the reserves & surplus also increased by 9.43%. Total assets has been increased during the year 2023 by 10.62%. both total assets and liabilities have increased while compare to the previous year.

### V. FINDINGS, SUGGESTIONS & CONCLUSION

#### FINDINGS:

- The current ratio has fluctuated between 1.18:1and 1.62:1overthepast five years.
- There was a significant increase in the ratio from 2020 (1.35:1) to 2021 (1.49:1), followed by a slight decline in 2022 (1.62:1) and another modest decrease in 2024 (1.52:1).
- The liquid ratio (current assets excluding stock to current liabilities) declined from 0.78:1 in 2020 to 0.54:1 in 2021, indicating a weakening ability to meet immediate liabilities.
- The absolute liquid ratio(cash and bank balances to current liabilities) has consistently been very low, ranging from 0.03:1 to 0.22:1.
- It generally trended downward, with a significant drop from 0.22:1 in 2020 to 0.03:1 in 2021 and 2024. This indicates potential challenges in meeting short-term obligations with the most liquid assets.

#### SUGGESTIONS:

- From the analysis & interpretation the researcher provides the following suggestions to improve the financial performance of the company.
- Maintain a higher level of liquid assets (cash/bank balances) to strengthen the ability to meet short-term obligations.
- Adopt better receivables management policies to reduce the risk of bad debts and speed up collections.
- Monitor inventory turnover more closely to avoid overstocking, which ties up funds.
- Implement modern inventory control techniques (ABC analysis) to balance availability and cost efficiency.
- Continue reducing reliance on debt financing since the Debt-to-Equity ratio is already improving.
- Focus more on raising funds through equity or internal accruals to further reduce financial risk.
- Prepare a detailed cash flow forecast to ensure liquidity stability.

#### CONCLUSION

The financial performance analysis of Nithya Packaging Private Limited indicates an overall positive growth trend, particularly in reserves, surplus, and fixed asset investments. The company has been able to gradually shift towards a more conservative capital structure, as seen in the

declining Debt-to-Equity ratio, which improves long-term financial stability.

However, concerns remain regarding liquidity, as reflected in the low absolute liquid ratio and fluctuations in cash balances. Inventory levels and receivable management also need closer monitoring to ensure working capital efficiency.

The company is financially sound with strong shareholder funds and long-term growth prospects. With effective liquidity management, better cash flow planning, and efficient asset utilization, Nithya Packaging can strengthen its financial position further and sustain growth in the highly competitive packaging industry.

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