

A Study on Financial Performance Analysis of Greenply Industries Ltd

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INTRODUCTION OF WOOD AND WOODEN COMPANIES

Plywood is nothing new in India. It arrived on shores of the country well before the Indian subcontinent ridded itself of British colonialism. Post partition of the subcontinent, carpenters and interior decorators of India depended upon imported plywood and used boards salvaged from ships. However, this changed in the 1950s, when Indian companies ventured into the field. Today, India is a major producer and consumer of plywood. India is home to dense forests. Hence, bamboo, teak and other trees flourish in this country. Consequently, manufactures in India make a wide range of plywood. The Indian plywood industry has graduated from traditional boards. Now, you can also buy laminated plywood and decorative veneers made by reputed Indian firms.

GREENPLY INDUSTRIES LIMITED

Greenply Industries incorporated in 1990, is engaged in Manufacturing plywood. Greenply Industries Limited (GIL) is India's largest interior infrastructure company. It stands at top when it comes to plywood, decorative veneers and particle boards. It account for almost 36 percent of the organized plywood and 26 percent of the organized laminate market in India. The company manufactures plywood, laminates, decorative veneers, particle boards and prelam particle boards/MDF. The company has 46 branches across India and presence in over 300 cities across 21 states. Company's laminate brand Greenlam is exported to more than 25 countries .Greenply has created brands such as Greenply Plywood, Greenlam Laminates, Green Lamieboard, Ecotec, Green Club Premium Ply and Green Decowood. Greenlam, the

flagship decorative laminate brand from Greenply is exported to more than 100 countries also.

SCOPE OF THE STUDY

The study analyze the liquidity and profitability and overall financial position of Greenply industries ltd.

OBJECTIVES OF THE STUDY

1. To evaluate the profitability of Greenply Industries Limited
2. To analysis the overall financial position of Greenply Industries Limited
3. To offer valuable suggestion for the improvement financial position of Greenply Industries Limited
4. To suggest recommendation for future growth and development of the Greenply Industries Limited in India.

RESEARCH METHODOLOGY

The study is based on secondary data which is collected from the published financial statements viz., Trading and profit and loss account and balance sheet contained in the annual report of the selected plywood ltd.

PERIOD OF THE STUDY

The study period cover 5 years for 2017-2018 to 2021-2022

TOOLS FOR ANALYSIS

MINIMUM
MAXIMUM
CAGR

LIMITATION OF THE STUDY

1. This study is mainly depends on secondary data in annual report of green ply industries ltd.

2. The study is based on analyzing the financial position of green ply industries ltd only. Hence it is not applicable to other companies

ANALYSIS AND INTERPRETATION OF THE DATA

CURRENT RATIO:

Current ratio is the relationship between current asset and current liabilities. This ratio is a liquidity and efficiency ratio that measures a firm’s capacity to pay off short – term liability with its current assets.

Current ratio = Current assets/Current Liabilities

TABLE 1

CURRENT RATIO (Rs in Cr)

YEAR	RATIO
2017-18	0.89
2018-19	1.11
2019-20	1.05
2020-21	1.63
2021-22	1.21
MINIMUM	0.89
MAXIMUM	1.63
CAGR	6.18

Source: Annual report of the company

The above table 1 shows the current ratio of the company. The maximum ratio registered in the year 2020-21 as 1.63 and the minimum ratio registered in the year 2017-18 as 0.89. It showed negative CAGR of 6.18 %.

NET PROFIT RATIO

This ratio measures the relationship between net profit and net sales. It point out the efficiency of the overall operations of the firm.

Net profit ratio = Net profit / sales X 100

TABLE 2

NET PROFIT RATIO (Rs in Cr)

YEAR	RATIO
2017-18	8.07
2018-19	4.77
2019-20	2.57
2020-21	5.70
2021-22	6.45
MINIMUM	2.57
MAXIMUM	8.07
CAGR	-4.60

Source: Annual report of the company

The above table 2 shows the net profit ratio of the company. The maximum ratio registered in the year 2017-18 as 8.07 and the minimum ratio registered in

the year 2019-20 as 2.57. It showed the negative CAGR -4.60 %.

GROSS PROFIT

Gross Profit Margin is a profitability ratio that measures how profit the company makes from the sale of goods after deducting direct costs.

Gross profit ratio = Gross profit / sales X 100

TABLE 3

GROSS PROFIT RATIO (Rs in Cr)

YEAR	RATIO
2017-18	11.59
2018-19	7.87
2019-20	8.41
2020-21	7.91
2021-22	8.11
MINIMUM	7.87
MAXIMUM	11.59
CAGR	-7.15

Source: Annual report of the company

The above table 3 shows the Gross profit ratio of the company. The maximum ratio registered in the year 2017-18 as 11.59 and the minimum ratio registered in the year 2018-19 as 7.87. It showed the negative CAGR -7.15 %.

EARNING PER SHARE

Earning per share is calculated by determining a company’s net income and allocating that to each outstanding share of common stock. Net income is the income available to the shareholders after a company’s costs and expenses are accounted for.

TABLE 4

EARNING PER SHARERATIO (Rs in Cr)

YEAR	RATIO
2017-18	11.07
2018-19	5.00
2019-20	2.66
2020-21	4.72
2021-22	7.24
MINIMUM	2.66
MAXIMUM	11.07
CAGR	-8.25

Source: Annual report of the company

The above table 4 shows the Earning per share ratio of the company. The maximum ratio registered in the year 2017-18 as 11.07 and the minimum ratio registered in the year 2019-20 as 2.66. It showed the negative CAGR -8.25%.

INVENTORY TURNOVER RATIO

This ratio is also called as inventory or stock velocity ratio. Inventory means stock of raw material, work in progress and finished goods. This ratio indicates whether investment in inventory is within proper limit or not.

Inventory turnover ratio = Cost of goods sold/ Average inventory at cost

TABLE 5

INVENTORY TURNOVER RATIO (Rs in Cr)

YEAR	RATIO
2017-18	7.93
2018-19	9.07
2019-20	8.82
2020-21	7.73
2021-22	7.99
MINIMUM	7.73
MAXIMUM	9.07
CAGR	0.19

Source: Annual report of the company

The above table 5 shows the inventory turnover ratio of the company. The maximum ratio registered in the year 2018-19 as 9.07 and the minimum ratio registered in the year 2020-21 as 7.73. It showed the negative CAGR of 0.19 %.

DEBTORS TURNOVER RATIO

It is otherwise called as Debtors Velocity. All the goods cannot be sold on cash. There may be some credit sales. The credit sales are one of the sales promotion technique. The volume of credit sales is based on credit policy of the company. Each company has its own credit policy.

Debtors Turnover ratio formula = Net Credit Sales/Average Accounts Receivable

TABLE 6

DEBTORS TURNOVER RATIO (Rs in Cr)

YEAR	RATIO
2017-18	5.74
2018-19	4.52
2019-20	4.29
2020-21	4.31
2021-22	8.55
MINIMUM	4.31
MAXIMUM	8.55
CAGR	8.15

Source: Annual report of the company

The above table 6 shows debtors turnover ratio of the company. The maximum ratio registered in the year 2021-22 as 8.55 and the minimum ratio registered in the year 2020-21 as 4.31. It showed the negative CAGR of 8.15%.

FIXED ASSETS TURNOVER RATIO

The fixed asset turnover ratio by dividing the net revenue for the year by the average fixed asset balance, which is equal to the sum of the current and prior period balance divided by two.

Fixed assets turnover ratio= Net Revenue/Average Fixed Assets

TABLE 7

FIXED ASSET TURNOVER RATIO (Rs in Cr)

YEAR	RATIO
2017-18	2.17
2018-19	4.89
2019-20	4.09
2020-21	3.22
2021-22	4.39
MINIMUM	2.17
MAXIMUM	4.89
CAGR	15.09

Source: Annual report of the company

The above table 7 shows the Fixed assets turnover ratio of the company. The maximum ratio registered in the year 2018-19 as 4.89 and the minimum ratio registered in the year 2017-18 as 2.17. It showed the negative CAGR 15.09 %.

SUGGESTIONS

- The company should take necessary steps to increase the inventory turnover in order to increase sales.
- The net profit of the company is not in a good position so the company should control their total expenses to improve its profitability.

CONCLUSION

The efficiency of any firm is mainly depends upon the working operations. For survival of business, profit is essential one. The overall financial position of the company is not upto satisfaction level. Hence the company should take certain steps to increase its profitability position so as to attain its goal.