A STUDY ON FINANACIAL STATEMENT ANALYSIS THROUGH RATIO AT SINGERENI COLLIERIES LIMITED

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Abstract

The main basis for financial planning, analysis and decision-making is gathering a Financial Information. This Financial information is needed to predict, compare and evaluate the organizations earning ability. It is also required to aid in economic decision-making. Thus financial analysis is the starting point of making plans, before using any supplicated forecasting and planning procedures. The analysis helps us to say how well the firm could utilize the resource of the society in generating goods and services turnover ratios are the best tools in decided this aspect. Financial analysis does indicate what can be expected in future from the firm. Financial Analysis is a tool of the management used to identify the strength s and the weaknesses of an organization in order to evaluate the financial positions of the firm from the view points of creditors, investors and the management's itself. Financial Analysis server its purpose through the appraisal of a firm's position be comparing the profit and loss account and the balance sheet of the frame with past performance and the industry average.

Keywords: Current ratio, liquid ratio, Dividend ratio leverage structure capital ratios, financial strengths, trading accounts, balance sheet and profit and loss account.

Introduction: Analysis is a done on the basis of solvency, liquidity, activity and profitability. For example, the creditors of the frame are interested in receiving the interest as their debt in time and the repayment of the principal amount on the maternity. This is not possible for a frame unless it is sufficiently liquid to meet its obligation. As such the creditors of the frame are more interested in knowing the liquidity position of the firm.

Scope of the Study: Financial analysis does indicate what can be expected in future from the firm. Financial Analysis is a tool of the management used to identify the strength s and the weaknesses of an organization in order to evaluate the financial positions of the firm from the view points of creditors, investors and the management's itself. The financial statement analysis cover with the Current ratio, liquid ratio, Dividend ratio leverage structure capital ratios, financial strengths, trading accounts, balance sheet and profit and loss account.

Objectives of the Study

1. To assess the present profitability and operating efficiency of Singareni Collieries Company Limited., as a whole as well as for its different departments.
2. To find out the relative importance of different components of the financial position of the firm.
3. To identify the reasons for change in the profitability/ financial position of the firm
4. To assess how effectively the company is using its resources.
5. To study about the Singareni Collieries Company Limited.,
6. To study the financial Position of the organization

7. To study the growth and significance sees and their financial performance.

Need of the Study:
The user of financial statements can get better insight about financial strengths and weakness of the firm if they properly analyze information reported in the statement. The absolute accounting figures reported in the financial statements do not provide a meaningful understanding of the performance and financial position of the firm. An accounting figure conveys meaning when it is quantities of financial data and to make qualitative judgment about the firm's financial performance. Financial analysis can be undertaken by management of the firm or by the parties outsides the firm, viz., owners, creditors, investors and others. Financial statements are an aid to the managers, because serve the mangers in appraising the performance of the subordinates.

Methodology of the Study: Data can be collected from two sources Primary and secondary. Classified on the basis of purpose of collection of sources.
Primary data: The data used for preparing this report is called from primary data collected on the basis of personal observation, discussion and through interviews.
Secondary data: The secondary data i.e., published annual financial statement of the Singarani Company. I also collected data from journals, weekly magazines related to commerce and industry and business line.

Limitation of the Study
1. The study mainly has been carried out based on the secondary data i.e., financial statement.
2. The study has been conducting for only few days during in which it may not be possible to draw accurate conclusion.
3. The study is based on the annual of the company for last 5 years.
4. Analysis is confined to ratio analysis, which is only one of the tools of financial analysis.

Scope of the Study: Scope of the study is very wide, where study on the financial statements analysis through the ratios analysis of Singareni Collieries Company Limited., involves the analysis of each and every financial effort and the returns of the company by concluding the various assets of the company. In the present study 5years of annual reports are to be taken to conduct the study.

Theoretical framework
Introduction: Financial Statement no doubt contain the terms relating to the profit or loss and financial position of a concern. But the items or figure found in the financial statement will not be of much use if they are considered independently. They will be very useful only when one item is considered in the light of another item. For instance, the item of the et profile will be meaningful, not when it is considered in isolation but only when it is considered in the light of capital employed in the business, So if the items appearing in: he financial statements are to be really meaningful and useful to the executives owners. Creditors etc, they should be analyzed in such a way that one item can be compared with another item. Ration analysis or ration techniques is one of the tools available to a financial analyst for the analysis of the financial statement.

The basic Financial Statements, i.e., the balance sheet and profit and loss account or income statement of business, reveal the net effect of the various transactions on the operational and financial position of the company. The balance sheet gives a summary of the assets and liabilities of an undertaking at a particular point of time. It reveals the financial status of the company.
The assets side of a balance sheet shows the deployment of resources of an undertaking while the liabilities side indicates its obligations, i.e., the manner in which these resources were obtained. The profit and loss account reflects the results of the business operations for a period of time. It contains a summary of expenses incurred and the revenue realized in an accounting period. To industrialize the State through balanced regional development and dispersal of industries. To support promotion and development of tiny, small and medium scale industries and service sector units by extending need based credit to them. Nurtures entrepreneurship and encourages first generation entrepreneurs.

Review of Literature:
The Second chapter is an evaluation of literature review. The chapter will be divided into three sections. The first section will explain important

technical terms and concepts in the financial statement analysis field. The second section will include forty four (44) numbers of articles. The articles chosen are from diverse literature studies on different types of financial statements and financial ratios. At the end of the chapter, the third section that will summarize the previous two sections.

Helfert (2001) simplified the probation of financial statement analysis in his book. The reason behind that is to make readers understand management decisions and their impact on the financial performance. Dr. Helfert (2001) wrote his book for his audience, student, analyst, and business executive, as a key to financial/economic analysis. He also discussed the economic value of a business in a simple presentation. Dr. Helfert's book (2001) wrapped up all essential methods and techniques that are required for an entrepreneur financial analyst such as basic financial projections and evaluate business investment decisions. All the techniques are explained theoretically and demonstrated technically.

Likewise, Tamari (1978) explicated that Financial Analysis progressed recently in more than one field, and that it covered statistics and econometrics, accounting and finance. Dr. Tamari (1978) also mentioned two timely books by Baruch Lev and George Foster in his book that he benefited from. These two books clarify financial ratios and their uses with demonstrating them in depth.

In addition, Tracy (1980) provided an understanding to readers about his book on financial statements. The book is mostly based on accounting principles, and it is dividends into twenty four chapters. He explained in his book different aspects of the financial statement analysis.

Moreover, Bajkowski (1999) explored the importance of Financial Statement Analysis in assessing the operating and financial condition of a firm using analytical tools and techniques. Moreover, by examining the construction and basic understanding of components of financial statement analysis, a one would know how information can be applied in investment analysis. Consequently, that results were that the value of financial statement analysis would vary based on one's relationship with the firm.

Similarly, Huffman (2013) evaluated the importance of financial statements in decision making regarding boosting the revenue and detecting competitive advantage. The research focus on giving the needs for executives a deep understanding on data analysis. while examining financial statements. It further explains different ways of using analytical method such as activity-based analysis, and horizontal or vertical analysis.

Furthermore, Piotroski (2000) analyzed the effect of strategy of simple accounting-based fundamental analysis on a broad portfolio of high book to market firms to find the conclusion regarding shift of the distribution earned. The research proves that by means of the selection of financially sound high BM firms while the entire distribution of realized returns is switched to the right, the mean return earned by a high-book-to market investor can rise minimum of 7H% yearly. Also, evident by an investment strategy which annual returns from 1976 to 1996 increases to 23%. However, advantages of Financial Statement Analysis are more focus on small and medium sized firms with low share turnover and without. Moreover, his research points out that market response less to the historical information based from good connectivity of historical information, future performance of the firm and quarterly earnings. With all the proofs, the research results were that market does not affiliate historical financial information into prices in a timely manner.

History of the Organization: In the year 1871, Dr. King of the Geological Survey of India discovered coal near the village of Yellandu in Khammam district and one of the important coal seams bore his name. The Hyderabad (Deccan) Company Limited incorporated in England acquired mining rights in 1886 to exploit coal found in Yellandu area. The present Company was incorporated on 23rd December 1920 under the Hyderabad Companies Act as a public limited company with the name 'The Singareni Collieries Company Limited' (SCCL). It acquired all the assets and liabilities of the Hyderabad (Deccan) Co. Ltd. Best & Co., acted as Secretaries and Selling Agents. The State of Hyderabad purchased majority shares of the Company in 1945. From 1945 to 1949, the Hyderabad Construction Co., Ltd., was acting as Managing Agent.

Large-scale expansion of SCCL was undertaken during the initial Five-year plans. In 1960 the Govt. of India started its participation in the equity of the Company and also started extending loan assistance. Thus since March 1960 it has been jointly owned by the Government of Andhra Pradesh and the Govt. of India. In 1974 the Government of India transferred its share capital to the Coal Mines Authority Limited. The manner of extending financial assistance for expansion of SCCL by the Govt. of Andhra Pradesh, and the Govt. of India during V plan period was agreed upon in the Four party Agreement executed on 10th June 1974. Subsequently, the Govt. of India decided to control its equity directly in SCCL. Accordingly, agreement was concluded on 13th December 1977. The SCCL, the Government of Andhra Pradesh, the Government of India and Coal India Limited were parties to the agreement. These two agreements are popularly called quadripartite agreements.

For financial and other assistance during VI, VII, VIII, IX & X Plan periods, separate agreements were executed on 31st March, 1985, 10th February 1989, 24th September 1994, 11th January 2002 ,19th October 2004 and 11th June 2010 between the Government of India, the Government of Andhra Pradesh and SCCL. These agreements are called tripartite agreements.

The Company's accredited function is to explore and exploit the coal deposits in the Godavari valley coalfield, which is the only repository of coal in South India. Mining activities of SCCL are presently spread over four districts of Telangana Viz. Adilabad, Karimnagar, Khammam and Warangal. The studies of Geological Survey of India attribute as much as 22207 million tonnes of coal reserves in the Godavari valley coalfield. The inventory covers up to a depth of 1200 meters and it includes reserves proved, indicated as well as inferred upto 31.03.2015.

The coal extracted by SCCL in the Godavari valley coalfield up to the year 2016-17 was about 1310.57 million tonnes.

DATA ANALYSIS AND INTERPRETATION

TABLE-1

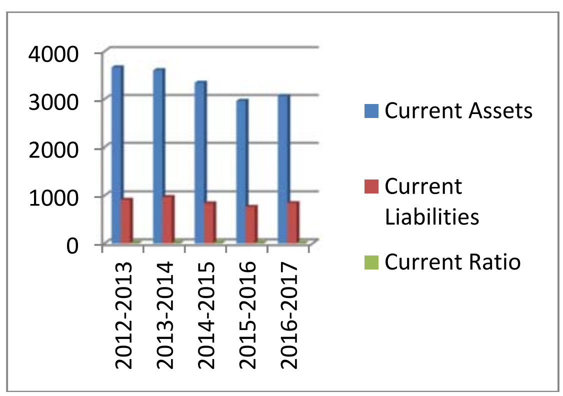
Current ratio of the singereni collieries limited during the years 2012-2017.

The current ratio is a measure of the firm's short-term solvency. It indicated the availability of current assets in Rupees for every one rupee of current liability. A ratio of greater than one means that the firm has more current assets than current claims against.

$$\textbf{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Graphical Representation:

Year	Current Assets	Current Liabilities	Current Ratio
2012-2013	3660.17	905.56	4.04
2013-2014	3599.03	964.66	3.73
2014-2015	3337.78	830.71	4.01
2015-2016	2960.59	756.57	3.91
2016-2017	3057.89	835.90	3.65



Interpretation: The above analysis shows the current ratio of Singereni Collieries Limited for the past 5 years. It is observed in the table that the current ratio varies 2015-2016 are 3.91. The current assets are gradually increased to an extent of Rs 3660.17 lakhs in the year 2015-2016 and then they are decreased in the following years. This ratio is above the standard norms of 2:1 during the period of study .the company stands high working capital, whereas the current liabilities are also steadily increased yearly to an extent of Rs 756.57 lakhs in the year 2015-2016. After that they are suddenly increased to Rs.835.90 lakhs. It is further observed from the table, the short term liquidity of the company is good.

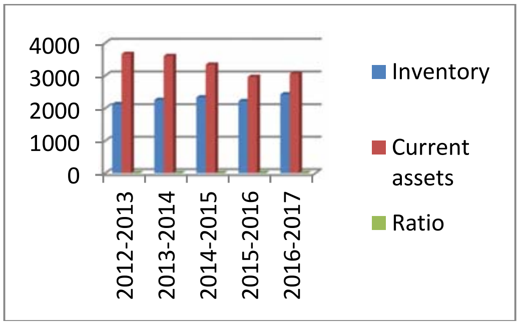
TABLE-2

INVENTORY RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

$$\text{Inventory ratio} = \frac{\text{Inventory}}{\text{Current assets}}$$

Graphical Representation

Year	Inventory	Current assets	Ratio
2012-2013	2129.49	3660.71	0.58
2013-2014	2255.90	3599.03	0.62
2014-2015	2334.88	3337.78	0.70
2015-2016	2222.92	2960.59	0.75
2016-2017	2426.11	3057.90	0.79



Interpretation: The above analysis, it is observed that the inventory ratio of Singereni Collieries Limited has been increasing in the past 5 years. The inventory ratio varies between 0.45 and 0.70 times. The inventory has increased yearly to an extent of Rs. 2222.92 lakhs in the year 2015-2016. And again it increased gradually for the following years, where the current assets are increasing and decreasing year by year, and the current assets of more of Rs. 3057.90 lakhs in the year 2016-2017. This ratio explains the proportion of inventory in the current assets.

TABLE-3

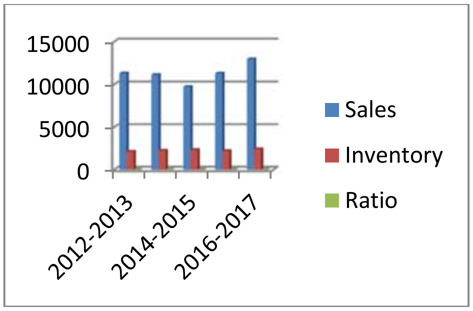
INVENTORY TURN OVER RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEAR 2012-2017.

It indicates the efficiency of the firm in producing and selling its product.

$$\text{Inventory turnover ratio} = \frac{\text{Sales}}{\text{Inventory}}$$

Graphical Representation:

Year	Sales	Inventory	Ratio
2012-2013	11327.36	2129.49	5.31
2013-2014	11159.77	2255.90	4.94
2014-2015	9754.17	2334.88	4.17
2015-2016	11315.91	2222.92	5.09
2016-2017	12987.21	2426.11	5.35



Interpretation: The above analysis, it is observed from table –10 that the inventory turnover ratio of the Singereni Collieries Limited has been fluctuates past five years. It is further observed in table-10, that the inventory turnover ratio varies between 5.31 and 5.35 times. The sales are gradually increased to an extent of Rs.12987.21 lakhs in the year 2013-2014 and then they are declined to following years. The inventory is also steadily increased yearly to an extent of Rs.2426.11. lakhs in the year 2013-2014. The inventory turnover ratio shows fluctuations during the period under study. It can be finally said that the efficiency in turnover of inventory is not satisfactory**.**

TABLE-4

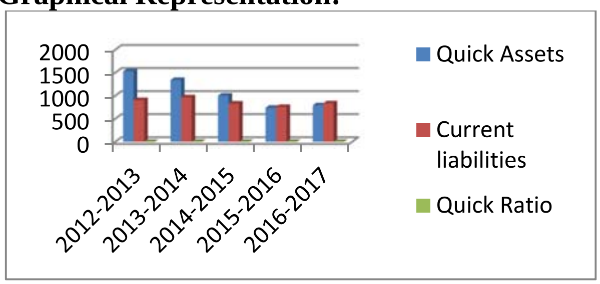
QUICK RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

Quick Ration establishes a relationship between quick or liquid assets and current liabilities. An asset is liquid if it can be converted into cash immediately or reasonably soon without a loss of value. Cash is the most liquid asset. Other assets that are considered to be relatively liquid and included in quick assets are debtors' and bills receivables and marketable securities. Inventories are less liquid.

$$\textbf{Quick Ratio} = \frac{\textbf{Current Assets Inventory}}{\textbf{Current Liabilities}}$$

Year	Quick Assets	Current liabilities	Quick Ratio
2012-2013	1530.68	905.56	1.69
2013-2014	1343.13	964.66	1.39
2014-2015	1002.90	830.71	1.20
2015-2016	737.67	756.57	0.97
2016-2017	792.22	835.90	0.94

Graphical Representation:



Interpretation: The above analysis shows the quick ratio of Singereni Collieries Limited for the period 2012-2017. It is observed table 9 that quick ratio varies between 1.69 and 0.94 times. The quick ratio is above the standard norm of 1:1. During the entire period of study the quick assets are strictly decreased year by year and a reached to a level of Rs. 792.22 lakhs in 2016-2017. Whereas the current liabilities are increased in the years 835.90 based on the above analysis it is further observed that the short term solvency of the company is satisfactory

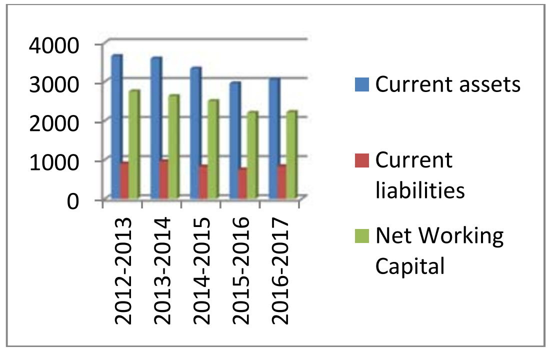
TABLE-5

NET WORKING CAPITAL OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

The net working capital is the difference between Current Assets and Current Liabilities. The Net Working Capital is the liquidity left with the company after deducting the current Liability obligations.

Net Working Capital = Current Assets – Current Liability.

Year	Sales	Current Assets	Current ratio
2012-2013	11327.36	3660.17	3.09
2013-2014	11159.77	3599.03	3.10
2014-2015	9754.17	333.78	2.92
2015-2016	11315.91	2960.59	3.82
2016-2017	12987.21	3057.89	4.24



Interpretation: The above analysis it is observed table. That the networking capital of Singereni Collieries Limited varies between Rs.2754.61 to 2221.98. Lakhs for the year 2012-2017, the company has high amount of net working capital. The current assets are showing very high in the year 2016-2017 i.e. Rs.3, 057.89 lakhs. The current liabilities are gradually decreased in year 2015-2017 year in the present year increased 835.90 lakhs the networking capital of Singereni Collieries Limited has been showing a mix fed trend during the period of study. But it is increased to a level of Rs.2221.98. in the year 2013-2014.

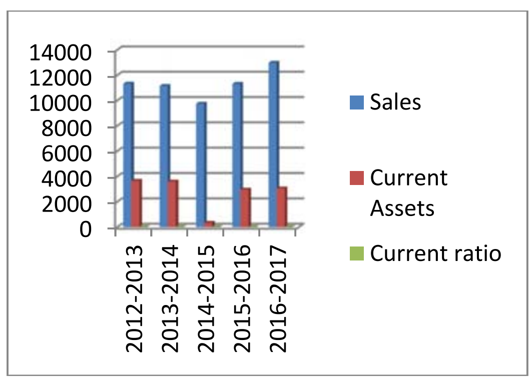
TABLE-06

CURRENT ASSETS TURNOVER RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

The analysis is useful to find out wither the company is investing sufficient amount in current Assets or not

$$\textbf{Current Assets Turnover Ratio} = \frac{\textbf{Sales}}{\textbf{Current Asset}}$$

Year	Current assets	Current liabilities	Net Working Capital
2012-2013	3660.17	905.56	2754.61
2013-2014	3599.03	964.66	2634.37
2014-2015	3337.78	830.71	2507.07
2015-2016	2960.59	756.57	2204.02
2016-2017	3057.89	835.90	2221.98



Interpretation: The above analysis shows that current assets turnover ratio of the Singereni Collieries Limited for the past 5 years it is observed in the table that the current assets turnover ratio varies between 1.78 and3.26 times. The sales are gradually increased to the extent of Rs. 12987.21 lakhs. In the year 2016-2017.Where as the current assets are also steadily increased yearly to an extent of Rs. 2960.59 lakhs in the year 2015-2016. After that they are suddenly increased to Rs. 3057.89 lakhs.

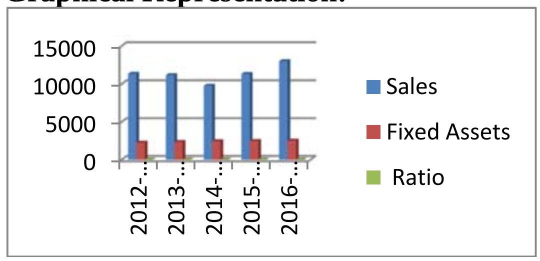
TABLE-07

FIXED ASSETS TURNOVER RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Net Fixed Assets}}$$

Year	Sales	Fixed Assets	Ratio
2012-2013	11327.36	2244.98	5.04
2013-2014	11159.77	2338.58	4.77
2014-2015	9754.17	2424.35	4.00
2015-2016	11315.91	2463.63	4.59
2016-2017	12987.21	2507.83	5.17

Graphical Representation:



Interpretation: The above analysis shows that the fixed assets turnover ratio of the Singereni Collieries Limited for the study period. It is observed in table –12 that the fixed assets turnover ratio varies between 5.04 and 5.17 times. The sales are gradually increased to an extent of Rs, 12987.21 lakhs in the year 2016-2017. Whereas the fixed assets are gradually increased to an extent of Rs. 2507.83 in the year 2016-2017. The fixed assets turnover ratio of Singereni Collieries Limited has been increased up to the year 2012-2017.

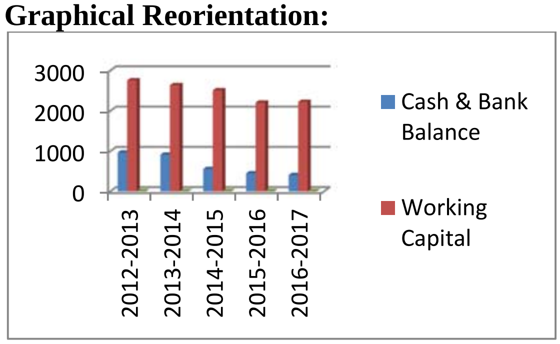
TABLE-08

CASH AND WORKING CAPITAL RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017.

$$\text{Cash and Working Capital Ratio} = \frac{\text{Cash \& Bank balance}}{\text{Working Capital}}$$

Year	Cash & Bank Balance	Working Capital	Cash & Working Capital Ratio
2012-2013	964.74	2754.61	0.35
2013-2014	912.17	2634.37	0.34
2014-2015	555.05	2507.07	0.22
2015-2016	446.03	2204.02	0.20
2016-2017	402.25	2221.98	0.18

Graphical Reorientation:



Interpretation: The above analyses explain that the cash and working capital ratio of the Singereni Collieries Limited for the period under study. It is observed in table-14 that the cash and working capital Ratio varies between 0.35 and 0.18 times. The company maintains low cash to working capital ratio. The cash and Bank balance are increased to an extent of Rs. 964.74 lakhs in the year 2012-2013 and then they are decreased in the following years, whereas the working capitals are steadily increased yearly to an extent of Rs.2754.61 lakhs in the year 2012-2013. In the present year increased to Rs.2221.98 lakhs.

TABLE-09

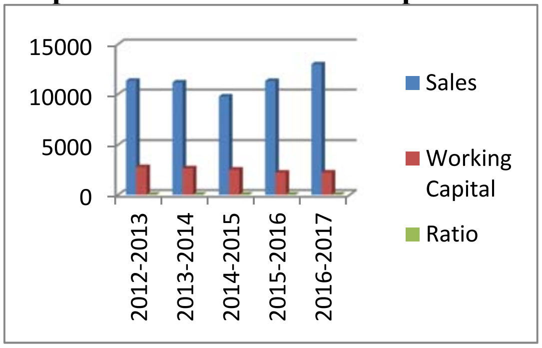
Working capital turnover ratio singereni collieries limited during the years 2012-2017

The Ratio indicates whether or not Working Capital has been efficiently utilized in marking Sales. In case a Company can achieve a higher volume of Sales with relatively small amount of Working Capital. It is indicator of the operating efficiency of the Company

$$\text{Working Capital Turnover Ratio} = \frac{\text{Sales}}{\text{Working capital}}$$

Year	Sales	Working Capital	Ratio
2012-2013	11327.36	2754.61	4.11
2013-2014	11159.77	2634.37	4.23
2014-2015	9754.17	2507.07	3.89
2015-2016	11315.91	2204.02	5.13
2016-2017	12987.21	2221.98	5.84

Graphical Representation:



Interpretation: The above analysis shows that the working capital turnover ratio of the Singereni Collieries Limited for the past five years. It is observed in the table that the working capital turnover ratio varies 4.51 to 5.84 from the year 2010-2015. The sales have gradually increased to an extent of Rs. 12987.98, whereas the working capital decreased to Rs. 2221.71 lakhs in the year 2016-2017. This implies that the ratio has gradually increased from 2012 though it went very low for the year 2014-2015.

TABLE 10

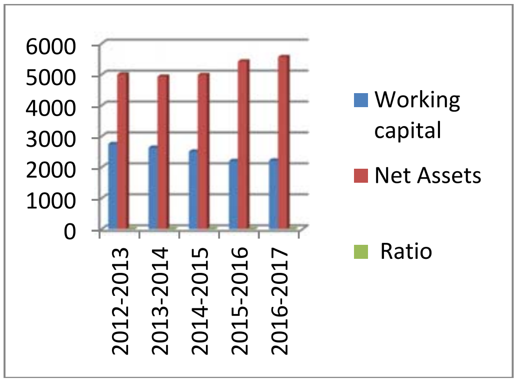
NET WORKING CAPITAL RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

Networking Capital is sometimes used as a measure of a firm's liquidity. It is conserved that, between two firms, the one having the larger net working Capital has the greater ability to meet its current obligations. Net Working Capital measures the firm's potential of funds.

$$\textbf{Net Working Capital Ratio} = \frac{\textbf{Net Working Capital}}{\textbf{Net Assets}}$$

Graphical Representation:

Year	Working capital	Net Assets	Ratio
2012-2013	2754.67	5003.49	0.55
2013-2014	2634.37	4931.80	0.53
2014-2015	2507.07	4985.70	0.50
2015-2016	2204.02	5423.70	0.56
2016-2017	2221.98	5565.71	0.39



Interpretation: The above analysis shows that the net working capital ratio of the Singereni Collieries Limited for the past five years. It is observed that the net working capital ratio is stable varies between 0.56 and 0.39 from the year 2012-2017. The company maintained the high ratio of net working capital. The working capital decreased to an extent of Rs 2221.98 lakhs in the year 2016-2017, whereas the net assets increased to an extent of Rs 5565.71 lakhs in the present year. This shows that the company is handling its working capital in procuring assets which is good for the company.

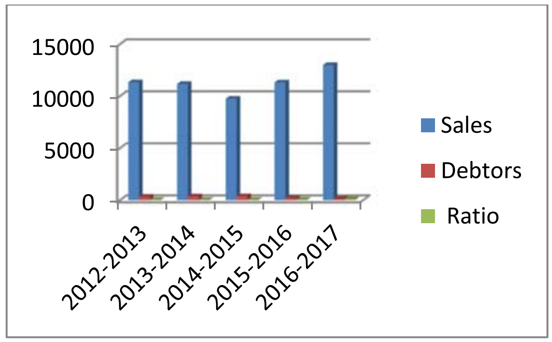
TABLE-11

DEBTORS TURNOVER RATIO OF THE SINGERENI COLLIERIES LIMITED DURING THE YEARS 2012-2017

DEBTORS TURNOVER RATIO = SALES / DEBTORS

Graphical Representation:

Year	Sales	Debtors	Ratio
2012-2013	11327.36	322.53	35.12
2013-2014	11159.77	353.00	31.61
2014-2015	9754.17	369.90	26.36
2015-2016	11315.91	210.66	53.57
2016-2017	12987.21	148.75	87.30



Interpretation: The above analysis shows that the debtors turnover ratio of the Singereni Collieries Limited for the past five years. It is observed that the net debtor's turnover ratio has increased in the year current fiscal year 2016-2017 which stood at 87.30, which is good for the company. Though it decreased in the year 2014-2015 being at 26.36, it gradually increased to 53.71 and again increased in the current year. The company maintained the high ratio of debtor's turnover ratio which is good for the company when compared to the sales and the debtors.

FINDINGS & SUGGESTIONS

FINDINGS

1. Total current assets of the Singereni Collieries Limited are increasing from 2012-2017
2. The gross working capital of Singereni Collieries Limited goes on increasing in the period of 2012-2017 from 2798.63 to 3448.61.
3. Net working capital goes on increasing during the period 2012-2017 from 2108.68 to 2754.61.
4. In the years 2012-2017 the current assets were above the standard norm i.e., 2:1 the high value of ratio is due to the decrease in current liabilities.
5. The total current assets of the Singereni Collieries Limited are showing some variations throughout the study period. Current assets in the year 2014-2015 decreased. Considerable when compared to the previous year 2013.
6. Current ratio of Singereni Collieries Limited was always above the standard norms, the current ratio position of the Singereni Collieries Limited is satisfactory.
7. Net working capital ratio of the Singereni Collieries Limited varies 0.50 to 0.56.
8. Quick ratio of the Singereni Collieries Limited in the year 2012-2013 less than the thumb rule remaining years above the thumb rule.
9. Inventory Turnover position varies year to year. But in the year 2012-2013 high inventory Turnover Ratio.10.
10. In Cash Ratio of the Singereni Collieries Limited2012-2013 high position.

SUGGESTIONS

1. The rate of increase in income must be improved by investing in more profitable opportunities also. Expenses like administrative expenses are fixed in nature.

When there is a 10% increase in such expenses, there must be more than 10% increase in our income to justify increase in such expenses. Hence, company must establish control to ensure that there is no inappropriate increase in such expenditure.

2. An increase in stock turnover will result in decrease in operating cycle time, thus reducing relative investment in inventories. A better marketing policy and providing of market awareness would result in improving the faster movement of the stock. The products of the company have inelastic demand since the company deals with the milk products. Therefore a reduction in credit period would not affect the turnover of the company.
3. This being the case the company can adopt a strict credit policy and this would result in reduction in the amount held as investment in inventories and debtors and the result increase in collection of efforts or administrative expenses of the company. The creditors and supplie5rs payment period as reduced by more than 50% for the past 3 years.
4. The company can negotiate for better terms and extend the credit period available to it. Thus the company can take advantage of the value of money. The company maintains cash required for 58 days expenses on an average. The known fact that if cash is keep idle, its value deteriorates and it is an asset which is most liquid but least profitable.

CONCLUSION:

The financial stat meant analysis of the singarani company Total current assets of Collieries Limited are increasing from 2012-2017The gross working capital of Singereni Collieries Limited goes on increasing in the period of 2012-2017 from 2798.63 to 3448.61. Net working capital goes on increasing during the period 2012-2017 from 2108.68 to 2754.61. In the years 2012-2017 the current assets were above the standard norm i.e., 2:1 the high value of ratio is due to the decrease in current liabilities. The total current assets of the Singereni Collieries Limited are showing some variations throughout the study period. Current assets in the year 2014-2015 decreased. Considerable when compared to the previous year 2013.Current ratio of Singereni Collieries Limited was always above the standard norms, the current ratio position of the Singereni Collieries Limited is satisfactory.Net working capital ratio of the Singereni Collieries Limited varies 0.50 to 0.56.Quick ratio of the Singereni Collieries Limited in the year 2012-2013 less than the thumb rule remaining years above the thumb rule. Inventory Turnover position varies year to year. But in the year 2012-2013 high inventory Turnover Ratio. In Cash Ratio of the Singereni Collieries Limited2012-2013 high position.

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