Review on- Study of Financial Planning

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ABSTRACT

Financial analysis is a pivotal process for evaluating the financial health, performance, and sustainability of an organization, offering critical insights to guide stakeholder decisions. This study presents a systematic examination of a business entity's fiscal dynamics, employing methodologies such as ratio analysis, trend evaluation, cash flow assessment, and industry benchmarking. Key metrics— including profitability, liquidity, solvency, and operational efficiency—are analyzed to identify strengths, risks, and opportunities. Findings reveal sustained revenuegrowthdrivenbystrategicmarketinitiatives,counteredbyemergingchallenges such as liquidity pressures and elevated debt levels. Operational efficiencies inasset utilization contrast with vulnerabilities in cost management and inventory turnover. Strategic recommendations emphasize cost optimization, debt restructuring, and revenue diversification to enhance financial resilience. The analysis underscores the necessity of proactive risk management and adaptive strategies to address evolving market conditions. By translating complex financial dataintoactionableinsights,thisstudydemonstrateshowrigorousfinancial analysis fosters informed decision- making, strengthens organizational agility, and supports long-term growth in competitive landscapes. Continuous monitoring and stakeholder alignment are highlighted as essential to sustaining fiscal stability and strategic advantage.

The term financial statements analysis is also known as analysis and interpretationof financial statements. It establishes meaningful relationship between various items of the two financial statements especially income statement and position statement.It determines financial strength and weaknesses of the business. Analysis offinancial statements is helpful to measure the profitability, liquidity, efficiency and solvency of an enterprise. All stakeholders have an interest in the analysis offinancial statements. The main objective of financial statements analysis is to understand and diagnose the information of financial statements and to determine theprofitabilityandfinancialstrengthsofthebusiness.Thepaperfocuseson

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concept,types,utilitiesandlimitationsoffinancialstatementsanalysis.Italso throws light on various parties interested in the analysis of financial statements. Finally, it presents tools and techniques for analysis of financial statements. This research paper will helpful to understand the throw knowledge of analysis and interpretation through analysis of financial statements.

1.INTRODUCTION

Financial stability is a foundational element for a healthy and prosperous economy. It refers to the condition in which the financial system—comprising banks, financial markets, infrastructure, and regulatory bodies—functions effectively without significant disruptions. In this environment, financial institutions operate soundly, markets maintain confidence, and economic agents are able to make investment, saving, and consumption decisions without the fear of systemic failure. Throughout history, disruptions in financial stability have had profound effects on global and national economies. Events like the Great Depression, the 1997 Asian Financial Crisis, the 2008 Global Financial Crisis (GFC), and more recently, the COVID-19 pandemic, have demonstrated how vulnerabilities in the financial system can amplify shocks and lead to widespread economic fallout. As economies grow more interconnected, the complexity and scope of financial risks have evolved. The rise of global capital markets, increased cross-border banking activities, and rapid technological advances have all contributed to a financial system that is more efficient, but also more vulnerable to systemic risk. Financial stability is not simplythe absence of crisis. According to the International Monetary Fund (IMF) and Bank for International Settlements (BIS), a stable financial system is one that:

Efficientlyallocatesresourcesfromsaverstoborrowers. Manages
financial risks prudently.
Absorbseconomicandfinancialshockswithoutcollapsing. The
components of financial stability include:
InstitutionalSoundness:Capitaladequacy,riskmanagement,andgovernanceof banks and
financial institutions.

Market Liquidity and Depth: The ability to transact without causing excessive pricefluctuations.
Payment and Settlement Infrastructure: Reliable and secure systems for transferring funds.
ConfidenceofParticipants:Trustamongsavers,investors,andborrowers. Concept of Mutual Funds :

Mutual Fund is essentially a mechanism of pooling together the savings of a large number of small investors for collective investment, with an avowed objective of attractive yields and capital appreciation, holding the safety and liquidity as prime parameters.AMutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is sharedbyitsunitholdersinproportiontothenumberofunitsownedbythem.Mutual funds are dynamic financial institutions (FIs) which play a crucial role in an economy by mobilizing savings and investing them in the stock-market, thus establishing a direct link between savings and the capital market.Therefore, the activities of mutual funds have both short-and long-term impact on the savings pattern, growth of capital markets and the economy. The Mutual fund is a basket of securities, which contains variety of financial products in various combinations and these various combinations of financial securities are individually called Portfolio's. In a Mutual fund company the Fund Managers make Portfolios of different combinations they continuously analyse the market risk and expected returns so that a positive return can be provided to the MutualfundInvestors.Therearethousandsoffunds,andeachhasitsownobjectives and focus. The key is for you to find the mutual funds that most closely match your own particular investment objectives. Liquidity is the ease with which you canconvert your assets--with relatively low depreciation in value--into cash . In the case of mutual funds, it's as easy to sell a share of a mutual fund as it is to sell a share of stock (although some funds charge a fee for redemptions and others you can only redeem at the end of the trading day, after the current value of the fund's holdings has been calculated) Low Investment Minimums: Most mutual funds will allow you to buy into the fund with as little $1,000 or $2,000, and some funds even allow a "no minimum"initialinvestment,ifyouagreetomakeregularmonthlycontributionsof $50 or $100. Whatever the case may be, you do not need to be exceptionallywealthy in order to invest in a mutual fund. Convenience: When you own a mutual fund, you don't need to worry about tracking the dozens of different securities in which the fund invests; rather, all you need to do is to keep track of the fund's performance. It's also quite easy to make monthly contributions to mutual funds and to buy and sell shares in them. Low Transaction Costs: Mutual funds are able tokeep transaction costs -- that is, the costs associated with buying and selling securities -- at a minimum because theybenefit from reduced brokeragecommissions for buying and selling large quantities of investments at a single time. Of course, this benefit is reduced somewhat by the fact that they are buying and selling a large number of different stocks. Annual fees of 1.0% to 1.5% of the investment amount are typical. Regulation: Mutual funds are regulated by the government under the Investment Company Act of 1940. This act requires that mutual funds register their securities with the Securities and Exchange Commission . The act also regulates the way that mutual funds approach new investors and the waythattheyconducttheirinternaloperations.Thisprovidessomelevelofsafetyto you, although you should be aware that the investments are not guaranteed by anyone and that they can (and often do) decline in value.

AdditionalServices:

Some mutual funds offer additional services to their shareholders, such as tax reports, reinvestment programs, and automatic withdrawal and contribution plans. Professional Management: Mutual funds are managed by a team of professionals, which usually includes one mutual fund manager and several analysts. Presumably, professionals have more experience, knowledge, and information than the average investor when it comes to deciding which securities to buy and sell. They also have the ability to focus on just a single area of expertise. (However, it should be noted thatthisapparentbenefithasnotalwaystranslatedintosuperiorperformance,andin fact the majority of all mutual funds don't manage to keep up with the overall performance of the market.)

MILLENNIALINVESTORSorGENERATIONY

The term Millennials generally refers to the generation of people born between the early 1980s and 1990s, according to the Merriam-Webster Dictionary. Some people also include children born in the early 2000s. The Millennial Generation is alsoknown as Generation Y, because it comes after Generation X — those people between the early 1960s and the 1980s.

TypesofMutualFunds

Mutual Funds Based on Asset Class a. Equity Funds Primarily investing in stocks, they also go by the name stock funds. They invest the money amassed from investors from diverse backgrounds into shares of different companies. The returns or losses are determined by how these shares perform (price-hikes or price-drops) in the stock market.As equity funds come with a quick growth, the risk of losing money is comparatively higher. b. Debt Funds Debt funds invest in fixed-income securities like bonds, securities and treasury bills – Fixed Maturity Plans (FMPs), Gilt Fund, Liquid Funds, Short Term Plans, Long Term Bonds and Monthly Income Plans among others – with fixed interest rate and maturity date. Go for it, only if you are a passive investor looking for a small but regular income (interest and capital appreciation) with minimal risks. c. Money Market Funds Just as some investors trade stocks in the stock market, some trade money in the money market, alsoknown as capital market or cash market. It is usually run by the government, banksor corporations by issuing money market securities like bonds, T-bills, dated securities and certificate of deposits among others. The fund manager invests your money and disburses regular dividends to you in return. If you opt for a short-term plan (13 months max), the risk is relatively less. d. Hybrid Funds As the name implies, Hybrid Funds (also go by the name Balanced Funds) is an optimum mix of bonds and stocks, thereby bridging the gap between equity funds and debtfunds.The ratio can be variable or fixed. In short, it takes the best of two mutualfunds by distributing, say, 60% of assets in stocks and the rest in bonds or vice versa. This is suitable for investors willing to take more risks for 'debt plus returns' benefit rather than sticking to lower but steady income schemes. Mutual Funds Based On Structure Mutual funds can be categorized based on different attributes (likeriskprofile,assetclassetc.).Structuralclassification–open-endedfunds,close- ended funds, and interval funds – is broad in nature and the difference depends on how flexible is the purchase and sales of individual mutual fund units. a. Open-Ended Funds These funds don't have any constraints in a time period or number of units– aninvestorcantradefundsattheirconvenienceandexitwhentheylikeat the current NAV (Net Asset Value). This is why its unit capital changes constantly with new entries and exits. An open-ended fund may also decide to stop taking in new investors if they do not want to (or cannot manage large funds). b. Closed- Ended Funds Here, the unit capital to invest is fixed beforehand, and hence they cannot sell a more than a pre- agreed number of units. Some funds also come with an NFO period, wherein there is a deadline to buy units. It has a specific maturity tenureandfundmanagersareopentoanyfundsize,howeverlarge.SEBImandates investors to be given either repurchase option or listing on stock exchanges to exit the scheme. c. Interval Funds This has traits of both open-ended and closed-ended funds. Interval funds can be purchased or exited only at specific intervals (decidedby the fund house) and are closed the rest of the time. No transactions will be permitted for at least 2 years.This is suitable for those who want to save a lump sum for an immediate goal (3-12 months). Mutual Funds Based on Investment Goals a. GrowthFundsGrowthfundsusuallyputahugeportioninsharesandgrowthsectors, suitable for investors (mostly Millennials) who have a surplus of idle money to be distributed in riskier plans (albeit with possibly high returns) or are positive about the scheme. b. Income Funds This belongs to the family of debt mutual funds that distribute their money in a mix of bonds, certificate of deposits and securities among others. Helmed by skilled fund managers who keep the portfolio in tandem with the rate fluctuations without compromising on the portfolio's creditworthiness, Income Funds have historically earned investors better returns than deposits and are best suited for risk-averse individuals from a 2-3 years perspective.c. Liquid Funds Like Income Funds, this too belongs to the debt fund category as they invest in debt instruments and money market with a tenure of up to 91 days. The maximum sum allowed to invest is Rs 10 lakhs. One feature that differentiates Liquid Funds from other debt funds is how the Net Asset Value is calculated – NAV of liquid funds are calculated for 365 days (including Sundays) while for others, only business days are calculated. d. Tax-Saving Funds ELSS or Equity Linked Saving Scheme is gaining popularity as it serves investors the double benefit of building wealth as well as save on taxes – all in the lowest lock-in period of only 3 years. Investing predominantly in equity (and related products), it has been known to earn you non-taxed returns from 14-16%. This is best-suited for long-term and salaried investors. e. Aggressive Growth Funds Slightly on the riskier side when choosing where to invest in, Aggressive Growth Fund is designed to make steep monetary gains. Though susceptible to market volatility, you may choose one as per the beta (the tool to gauge the fund's movement in comparison with the market). Example, if the market shows a beta of 1, an aggressive growth fund will reflect a higher beta, say, 1.10 or above. f. Capital Protection Funds If protecting your principal is your priority, Capital Protection Funds can serve the purpose while earning relatively smaller returns(12% at best). The fund manager invests a portion of your money in bonds or CDs and the rest in equities. You will not incur any loss. However, you need a least 3 years (closed-ended) to safeguard your money and the returns are taxable. g. Fixed Maturity Funds Investors choose as the FY ends to take advantage of triple indexation, thereby bringing down tax burden. If uncomfortable with the debt market trends and related risks, Fixed Maturity Plans (FMP) – investing in bonds, securities, money market etc. – present a great opportunity. As a close-ended plan, FMP functions on a fixed maturity period, which could range from 1 month to 5 years (like FDs). The Fund Manager makes sure to put the money in an investment with the sametenure,toreapaccrualinterestatthetimeofFMPmaturity.h.PensionFunds

Putting away a portion of your income in a chosen Pension Fund to accrue over a long period to secure you and your family's financial future after retiring from regular employment – it can take care of most contingencies (like a medical emergency or children's wedding). Relying solely on savings to get through your golden years isnot recommended as savings (no matter how big) get used up.EPF is an example, but there are many lucrative schemes offered by banks, insurance firms etc. Mutual Funds Based on Risks a. Very Low-Risk Funds Liquid Funds and Ultra Short-term Funds (1 month to 1 year) are not risky at all, and understandably their returns are low (6% at best). Investors choose this to fulfill their short-term financial goals and to keep their money safe until then. b. Low-Risk Funds In the event of rupee depreciation or unexpected national crisis, investors are unsure about investing in riskier funds. In such cases, fund managers recommend putting money in either one oracombinationofliquid,ultrashort-termorarbitragefunds.Returnscouldbe6-8%, buttheinvestorsarefreetoswitchwhenvaluationsbecomemorestable.c.Medium- risk Funds Here, the risk factor is of medium level as the fund manager invests a portion in debt and the rest in equity funds. The NAV is not that volatile, and the average returns could be 9-12%. d. High-risk Funds Suitable for investors with norisk aversion and aiming for huge returns in the form of interest and dividends, High- risk Mutual Funds need active fund management. Regular performance reviews are mandatory as they are susceptible market volatility. You can expect 15% returns, though most high-risk funds generally provide 20% returns (and up to 30% at best). Specialized Mutual Funds a. Sector Funds Investing solely in one specific sector, theme-based mutual funds.As these funds invest only in specific sectors with only a few stocks, the risk factor is on the higher side. One must be constantly aware of the various sector-related trends, and in case of any decline, just exit immediately. However, sector funds also deliver great returns. Some areas of banking, IT and pharma have witnessed huge and consistent growth in recent past and are predicted to be promising in future as well. b. Index Funds Suited best for passive investors, index funds put money in an index. It is not managed by a fund manager. An index fund simply identifies stocks and their corresponding ratio in the market index andput the money in similar proportion in similar stocks. Even if they cannot outdo the market (which is the reason why they are not popular in India), they play it safe by mimicking the index performance.c. Funds of Funds A diversified mutual fund investment portfolio offers a slew of benefits, and 'Funds of Funds' aka multi- manager mutual funds are made to exploit this to the tilt – by putting their money in diverse fund categories. In short, buying one fund that invests in many funds rather than investing in several achieves diversification as well as saves on costs. d. Emerging market Funds To invest in developing markets is considered a steep bet and it has undergone negative returns too. India itself a dynamic and emerging market and investors to earn high returns from the domestic stock market, they are prone to fall prey to market volatilities. However, in a longer- term perspective, it is evident that emerging economies will contribute to the majority of global growth inthe coming decade as their economic growth rate is way superior to that of the US or the UK. e. International/ Foreign Funds Favored by investors looking to spread their investment to other countries, Foreign Mutual Funds can get investors good returns even when the Indian Stock Markets do fare well. An investor can employ a hybrid approach (say, 60% in domestic equities and the rest in overseas funds) or a feeder approach (getting local funds to place them in foreign stocks) or a theme-based allocation(eg,GoldMining).f.GlobalFundsAsidefromthesamelexicalmeaning, Global Funds are quite different from International Funds. While a global fund chiefly invests in markets worldwide, it also includes investment in your home country. The International Funds concentrate solely on foreign markets. Diverse and universal in approach, Global Funds can be quite risky to owing to different policies, market and currency variations, though it does work as a break against inflation and long-term returns have been historically high. g. Real Estate Funds In spite of the real estate boom in India, many are wary about investing in such projects due to multiple risks. Real Estate Fund can be a perfect alternative as the investor is only an indirect participant by putting their money in established real estate companies/trusts rather than projects. A long-term investment, it negates risks and legal hassles when it comes to purchasing a property as well as provide liquidity to some extent. h. Commodity-focused Stock Funds Ideal for investors with sufficient risk-appetite and looking to diversify their portfolio, commodity-focused stock funds give a chance to dabble in multiple and diverse trades. Returns are not periodic and are either based on the performance of the stock company or the commodity itself.Meaning of Financial Statement: Financial statements refer to such statements which contains financial information about an enterprise. They report profitability and the financial position of the business at the end of accounting period. The team financial statement includes at least two statements which the accountant prepares at the end of an accounting period. The two statements are:

1. TheBalanceSheetProfitAndLossAccount

They provide some extremely useful information to the extent that balance Sheet mirrors the financial position on a particular date in terms of the structure of assets, liabilities and owners equity, and so on and the Profit and Loss account shows the results of operations during a certain period of time in terms of the revenuesobtainedandthecostincurredduringtheyear.Thusthefinancialstatementprovides summarized view of financial position and operations of a firm. Meaning of Financial Analysis:The first task of financial analysis is to select the information relevant to the decision under consideration to the total information contained in the financial statement. The second step is to arrange the information in a way to highlight significant relationship. The final step is interpretation and drawing of inference and conclusions. Financial statement is the process of selection, relation and evaluation. Features of Financial Analysis

• To present a complex data contained in the financial statement in simple and understandable form.

2. • To classify the items contained in the financial statement inconvenient and rational groups.
3. • To make comparison between various groups to draw various conclusions. Purpose of Analysis of financial statements: • To know the earning capacity or profitability.
4. •Toknowthesolvency.
5. •Toknowthefinancialstrengths.
6. •Toknowthecapabilityofpaymentofinterest&dividends.
7. •Tomakecomparativestudywithotherfirms.

Gold is the only commodity in which mutual funds can invest directly in India. The rest purchase fund units or shares from commodity businesses. i. Market Neutral Funds For investors seeking protection from unfavorable market tendencies while sustaining good returns, Market-neutral Funds meet the purpose (like a hedge fund). With better risk-adaptability, these funds give high returns and even small investors can outstrip the market without stretching the portfolio limits. j. Inverse/leveraged Funds While a regular index fund moves in tandem with the benchmark index, the returns of an inverse index fund shift in the opposite direction. Simply put, it isnothing but selling your shares when the stock goes down, only to buy them back at an even lesser cost (to hold until the price goes up again). k.AssetAllocation Funds Combining debt, equity and even gold in an optimum ratio, this is a greatly flexible fund. Based on a pre-set formula or fund manager's inferences on the basis of the current market trends, Asset Allocation Funds can regulate the equity-debt distribution. It is almost like Hybrid Funds but requires great expertise in choosing andallocationofthebondsandstocksfromthefundmanager.l.GiftFundsYes,you can gift a mutual fund or a SIP to your loved ones to secure their financial future. m. Exchange-traded Funds It belongs to the Index Funds family and is bought and sold on exchanges. Exchange-traded Funds have unlocked a world of investment prospects, enabling investors to gain comprehensive exposure to stock markets abroad as well as specialized sectors. An ETF is like a Mutual Fund that can be traded in real-time at a price that may rise or fall many times in a day. Gold is a precious metal that has been valued by people since ancient times. People use gold for coins, jewellery, ornaments, and many industrial purposes. Until recently, gold reserves formed the basis of world monetary systems. Gold plays an important rolein providing the best possible protection against the fluctuations of both political and economic scenario, mainly in Asia, the Middle east countries and also in India. In finance, an investment is a monetary asset purchased with the idea that the assetwill provide income in the future or appreciate and be sold at a higher price. Investment ensures one's dreams turn real and enjoy life to the fullest without actually worrying about the future. It controls an individual's spending pattern. It decides how and what amount one should spend so that he has sufficient money for future. There are various avenues for investment for an individual, namely, Bank deposits, Real estate, Securities, Mutual funds, Commodity exchange and Gold investment.Though there are different areas for investment, Gold has been a traditional favourite for Indian investors. Gold has always come out as a trusted pillar to fall back on. During the recent upheavals in the global markets, including the US downgrading and the Euro zone issues, investors started ploughing money into gold. Consequently, the demand for the gold went up. In addition, as there were no other comparably safe assets to invest in, the price of gold skyrocketed. The pricier the gold gets, the more desirable it becomes, with many a woman yearning for the preciousmetal.Thehighergoldpricehasaddedtogoldjeweller'sdesirabilitydespite these challenging economic times. According to World Gold Council, India is the largest investors of gold in the world followed by China.The perception about gold in India has come a long way from the days when its main function was to merelyadorn and act as a status symbol. The emotional investment in the metal was so huge that parting with it seemed unthinkable. 2 People use gold for coins, jewellery, ornaments,andmanyindustrialpurposes.Now,however,itisbecomingclearthatan increasing number of Indians are realizing that gold deserves a place not just in the cupboardathomeorthebanklocker,butalsointheirinvestmentportfolio.Until recently, gold reserves formed the basis of world monetary systems. Gold plays an important role in providing the best possible protection against the fluctuations ofboth political and economic scenario, mainly in India. Investment is a plannedmethod of safely putting ones savings into different outlets to get a good return. The essential quality of an investment is that it involves waiting for a reward. Gold as an asset plays a very important role in an investor's portfolio as it not only provides stability for returns but also gives an opportunity to maximize the wealth of the investor .Investors generally buy gold as a way of diversifying risk. Price of gold is determined by the market force of demand and supply. Gold is a hedging toolagainst inflation.Facts About Gold Gold, like no other metal, has a fascinating history and a special place in the world. Gold is a very soft metal when it is pure (24 Kt. is pure gold). Gold's many unique properties have secured it a central role in history and human development. Gold is a remarkable, rare metal, with an unparalleled combination of chemical and physical properties. It is the only yellow metal and bears its name from the Old English word for yellow, 'geolu'. It is also the only metal that forms no oxide film on its surface in air at normal temperatures, meaning that it will never rust or tarnish. From the ancient time, gold has been in use as decorative ornaments for kings and also a currency and standard for global transactions. It has a wrinkle role in a wide range of electronic devices and medical applications,recently.Eventhroughgoldwasmainlyusedtowearitasanornament, thus acting as a status symbol in India, the perception about gold has taken different dimensions,makingalongjourneyfromthosedays.Increaseofbeliefingoldamong the Indians, not only deserves a place in home cupboard or bank locket, but also in the Indians investment portfolio. Reserve Bank of India makes changes in policy, according to the gold store in the Indian treasury.History of Gold Investment Gold is perhaps the most popular commodity of all history.

LiteratureReview

Financial analysis encompasses a broad spectrum of methodologies, applications, and challenges, as evidenced by recent academic research. Below is a synthesized overview of key themes and findings from the literature, organized into critical domains and trends. 1. Systemic Financial Risk and Regulatory Frameworks The 2008 global financial crisis underscored the importance of systemic risk analysis, particularly in interconnected financial systems. Studies highlight how globalization, financialization, and technological advancements have amplified systemic vulnerabilities. Key insights include:Contagion Mechanisms: Systemic risk often arises from interbank linkages, asset correlations, and payment systems, with contagion effects spreading instability across sectors.Macroprudential Regulation: Traditional microprudential approaches (focusing on individual institutions) are insufficient; holistic models that account for network interdependencies are critical. Emerging Tools: Metrics such as the Systemic Risk-Adjusted Liquidity (SRL) model and stress-testing frameworks aim to detect vulnerabilities early, enabling proactive policy interventions. 2. Corporate Bankruptcy and Financial Distress Prediction Predictive modeling for bankruptcy and financial distress has evolved significantly, leveraging both traditional and advanced techniques: Methodologies: Logistic regression, decision trees, and machine learning (e.g., neural networks) dominate, with hybrid models improving accuracy. Data Challenges: Issues like imbalanced datasets,featureselection(e.g.,liquidityratios,cashflowmetrics),and interpretability remain critical hurdles. Sector-Specific Insights: Studies emphasize sectoral variations in risk factors, such as inventory turnover in retail versus R&D expenditure in technology. 3. Financial Reporting in Private Firms Private firms, despite their economic significance, are understudied compared to public firms. Key findings include: Agency Theory: Financial reporting in private firms is driven by creditor demands (e.g., banks) rather than shareholder needs, with earnings management often linked to tax optimization.

Regulatory Gaps: Unlike public firms, private firms face lax disclosure mandates, leading to inconsistent reporting quality and challenges in accessing capital. Emerging Standards: Adoption of IFRS for SMEs has improved comparability but remains uneven globally. 4. Ratio Analysis and Performance Metrics Ratio analysis remains a cornerstone of financial analysis, though its application varies:Core Ratios:Liquidity(currentratio),profitability(ROE,netmargin),andsolvency(debt-to- equity) are widely used but require contextual interpretation.Limitations: Ratios are static and prone to manipulation(e.g., window dressing), necessitating complementary tools such as trend analysis and cash flow assessments.Peer Benchmarking: Firms increasingly mimic peers' financial policies (e.g., capital structure), driven by competitive pressures and informational cascades. 5.Behavioral and Peer Effects in Financial Decision-Making Recent literature explores how social dynamics influence financial strategies: Herding Behavior: Firms imitate peers' investment, financing, and dividend policies to mitigate reputational risks or exploit informational cues.Geographic and Cultural Influences: Proximity to peers (e.g., regional clusters) amplifies mimicry in corporate decisions, such as R&D spending or CSR initiatives. Investor Behavior: Retail investors often replicate peers' stock choices, exacerbating market volatility. 6. Challenges and Future Directions Data Quality and Literacy: Low financial literacy (50% in the U.S.) hampers stakeholders' ability to interpret data, while inconsistent reporting standards impede cross-firm comparisons. Model Risk: Overreliance on quantitative models (e.g., VaR) during crises can underestimate tail risks.Emerging Trends: AI-driven predictive analytics, real-time risk monitoring, and ESG integration are reshaping financial analysis frameworks. Laitinen (2006): This study presents a framework for financial statement analysis within a network of small and medium-sized enterprises (SMEs). The objective is to establish a systematic approach to network financial statement analysis. Data for the study are drawn from the public financial statements of partner firms. The study traces the proportion of income statement and balance sheet items, estimating the resources used by the network and identifying each firm'scontribution.

Well-organized accounting provides a systematic and chronological record of business transactions and other events, but also a complete picture of the effects of business transactions in the form of an annual report. The annual report is a legal and regulatory obligation for companies, and thus a potential subject of economic and financial analysis. By analyzing the financial statements, we get a picture of the (credit) creditworthiness of the company. The creditworthiness of a company is a quantitative and qualitative expression of the company's business ability and the security of its business. Creditworthiness assessment is often equated with creditworthiness and liquidity assessment, and as such is reduced to a narrower concept of creditworthiness. On the other hand, solvency in a broader sense implies a synthesized assessment of financial stability, liquidity, solvency, capital adequacy andstructure,financialsituation,profitability,riskoffinancialresults,profitabilityand organizationoftheobservedcompany.FINANCIALSTATEMENTANALYSISAuthor: 1GOWSALYAR S Source: International Journal for ResearchTrends and Innovation The study entitled the financial performance analysis an Company. The objective of this study is to compare the current financial performance with last five years and to study the existing financial position of Company. The data used in this study is secondary data through annual report. The data that used in this study, comparative balancesheet,commonsizebalancesheet,comparativebalancesheet analysis ,that the current liabilities is higher than the current asset in every year andit is to be suggest that the company can concentrate on their increasing the level of the current asset. So the company improves this financial position. The study of financial performance on The Company has revealed the great deal of their various financial aspects for five years. The comparative analysis unlocks the overall performance methodology Financial Statement Analysis: A Review and Current Issues Author: Andrew B. Jackson Source: China Finance Review International, forthcoming The literature on financial statement analysis attempts to improve fundamental analysis and to identify market inefficiencies with respect to financial statement information. In this paper, I review the extant research on financial statement analysis. I then provide some preliminary evidence using Chinese data and offer suggestions for future research, with a focus on utilising unique features of the Chinese business environment as motivation. OBJECTIVES: • To analyses and compare the financial position of the company for every two year. • To measure the short term as well as long term creditworthiness position of the firm. • To determine the liquidity position of the company based on the turnover.

RESEARCHMETHODOLOGY

NeedFor The Study

Financial summary examination is used to find the examples and associations between spending report things. Both inside organization and outside the organization (demonstrate as inspectors, leasers, government and examiners) of the financial reports must to figure/find an association's productivity, liquidity, and dissolvability. The most broadly observed techniques used for cash correlated clarification examination are design examination, common size verbalizations, and extent examination. These strategies fuse tallies and examinations of the results to recorded association data, contenders, or industry midpoints to choose the relative quality and execution of the association being researched.

ScopeOf The Study:

The degree is to drive noteworthy utilization of hypothesis for genuine usage.As the examination is focusing on distinguishing the present capability of the organization money related administration techniques and points, we recognize the best budgetary investigation strategy to be conveyed to improve the organization's approach to decide their benefit.

MethodologyRESEARCH

Research is a strategy in which the analysts wish to discover the final product for a givenissue&alongtheselinesthearrangementhelpsinforecastinggame-plan.The examination has been all around characterized as “A cautious report or enquiry particularly through scan for new realities in part of information” RESEARCH DESIGN The examination configuration utilized in this task isAnalytical/intelligent in nature the technique utilizing, which analyst needs to utilize certainties, data officially accessible, and investigate these to make a basic assessment of the execution.

TYPES OFRESEARCH

Descriptiveresearch

DATACOLLECTION•SECONDARYDATA•Fromtheannualreportsmaintainedby the organization/company such as Statement of the profit and loss Balance sheets • Books and journals pertaining to the topic. • Data are collected from the company website. Limitations Of The Study

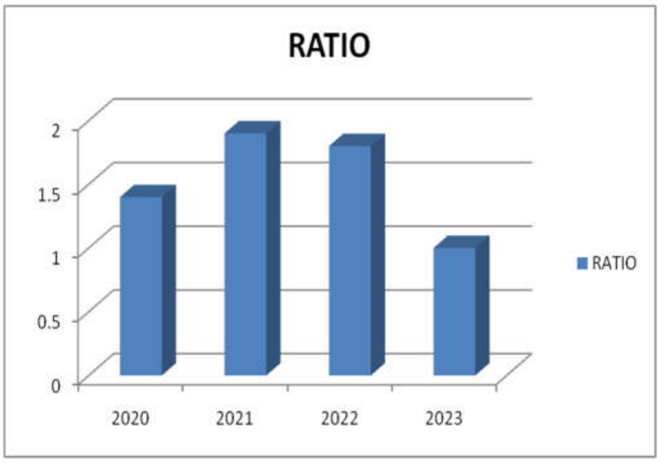
1. NOT A SUBSTITUTE OF JUDGEMENT- An examination of fiscal report can't occur of quality choice. It is just a way to achieve ends/results.At last, the choices or judgment are taken by a participated individual or examiner on his/her knowledge and expertise.

2. BASEDONHISTORICALDATA-Justpastdataofbookkeepingdataiscombined into the finance reports, which are dissected. The future cannot be much the sameas past. Consequently, the study of fiscal reports can't give a premise to planning, upcoming gauge, foreseeing, and arranging.

4.DATAANALYSIS&INTERPRETATION

CURRENTRATIO

year	currentassets	currentliabilities	ratio
2020	85.44	59.82	1.4
2021	153.95	81.59	1.9
2022	234.33	133.08	1.8
2023	201.47	199.7	1



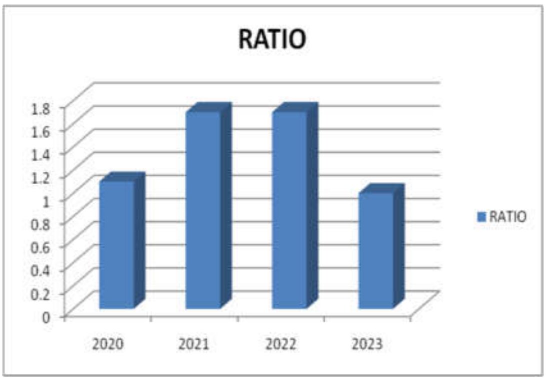
INTERPRETATION:

Theperfectcurrentproportionis2:1

From the above figuring it is induced that present resources for recovering current liabilities are all the additional amid the year 2020 and later begins expanding amid the year2021 and 2022. However, later it begins diminishing amid the year 2023 which demonstrates that present resources are more than current liabilities.

LIQUIDRATIOORCASHRATIO

Year	Liquidassets	Currentliabilities	Ratio
2020	85.44	59.82	1.1
2021	146.53	81.59	1.7
2022	218.81	133.08	1.7
2023	180.78	199.7	1



INTERPRETATION: The perfect fluid proportion is 1:1 From the above said table uncovers that the fluid proportion amid the year 2022-2023 for the most part demonstrates expanding pattern yet in 2023 it begin diminishing. Fluid resources are sufficient to meet the present liabilities. This demonstrates the fluid position of benefits is observed to be exceptionally great.

This financial analysis experiment aims to evaluate a company's financial health using structured data collection and analysis methods. 1. Define Objective – Determine the focus (e.g., profitability, liquidity, investment potential). 2. Data Collection – Gather financial statements, market data, and industry benchmarks. 3. Data Processing – Organize and clean financial data for accuracy. 4. RatioAnalysis – Calculatekeyfinancialratios(profitability,liquidity,solvency,efficiency).5.Trend& Comparative Analysis – Compare financial performance over time and against competitors. 7. Interpretation & Decision-Making – Summarize insights and recommend strategies for improvement 8. Report & Presentation – Prepare a structured report 3.1 RESEARCH DESIGN A research design is considered as the framework or plan for a study that guides as well as help the data collections and analysisofdata.DESCRIPTIVERESEARCHDESIGNDescriptiveresearchdesign descriptive research is all about describing people who take part in the study. SAMPLING TECHNIQUES Convenience sampling method A Convenience sample is one of the main types of non-probability sampling methods. This method is used when the part of the population is close to hand. Convenient sampling method is used to select sample and collect the data needed. SOURCE OF DATA There are two different types of data that are adopted for a project. They are primary and secondary data. Primary data Primary data which is collected by using structured questionnaire. Secondary data Secondary data are collected from magazines, journals,Articles, Newspapers, books and other data that are available online.

STRUCTURE OF QUESTIONNAIRE The Questionnaire basically has two main types of questions and they are open ended or open questions and closed ended or closed questions. Open ended questions are answered as respondents willingness to answer as they wish. Closed ended questions are answered with a provided listof options. In this study, most of the closed ended questions are with likert scaletype of options. SAMPLE SIZE The sample size of a study is the total number of samples that are selected from the sample unit using which the data are collected. The sample size of the study is 110. PERIOD OF THE STUDY This period of study describing the period, that is, the date of beginning of the study and the date of ending of the study. Period of study is from January 2021 to March 2021 which is a three months of study. TOOLS USED The analytical tools used are percentage analysis, bar diagram, chi square test in spss.The present study is of analytical and exploratory nature. Accordingly the use is made of secondary aswell as primary data. The secondary data is collected mainly through various newspapers, magazines,Internet and RBI review. To supplement the secondary data, some primary data has also been usedwhich is collected through interviews and personal visits to the various companies to know the presentsituation of the market. The present study is dependent more on secondary data.

Primary data is not used due to thereliability of the data. The factors in the present paper are the Macro Economic factors for which thesecondary data is more suitable and reliable. The collected in the aforesaid manner have been tabulatedin condensed form to draw the meaningful results. To analyze the data tables, percentage and graphswere used. This report is based on primary as wellsecondary data, however primary data collection was given more importance sinceit is overhearing factor in attitude . DATASOURCES : Research is totally based on primary data. Secondary data can be used only for the reference. Research has been done by primary data collection, and primary data has been collected by interacting with various people. The secondary data has been collected through various journals and websites

CONCLUSION

Conclusion and Future Scope of Financial Analysis Conclusionplays a crucial roleinevaluatingacompany’sfinancialhealth,guidingstrategicdecision-making,and assessing risks. By analyzing key financial statements, ratios, and market trends, businesses and investors can make informed choices.

The results highlight areas of strength, such as profitability and liquidity, while identifying risks related to debt, competition, and market volatility.In the light of findings of the study, the following some important conclusions arc drawn from the available data of the company.

The company has increasing trend of cash and bank balances, which in incline with the increase requirement of working capital for increasing as the percentages ofcash and bank balances.

The liquidity position of the company is not adequate. Management should take the corrective action towards the reduction of operating activities coast and indirect expenses of the company they are burdening the operating and financial risk of the company.

The company has to make optimum utilization there funds there is a rise in reserves and surplus to satisfy future and uncertainties.

The overall financial position of the company is not satisfactory due to shortage of funds for long term assets and excessive investment in working capital assets and accumulated losses.

Financial performance is also not satisfactory due to the uncontrolled indirect expenses and operating expenses and operating expenses will lead to reduction in the percentage of income and also leads towards the loss.

A well-executed financial analysis ensures compliance, improves operational efficiency, and supports sustainable growth. Future Scope

1. Integration of AI & Automation – Advanced AI-driven financial modeling and automation will enhance accuracy and efficiency in financial analysis.
2. Real-Time Financial Monitoring – Businesses will adopt real-time data analytics for quicker decision-making.
3. Sustainability & ESG Analysis – Future financial assessments will incorporate environmental, social, and governance (ESG) factors to align with ethical investing trends.
4. Blockchain & FinTech Innovations – Emerging technologies will improve transparency, security, and financial forecasting.
5. Global Market Expansion – Financial analysis will evolve to include cross-border trade risks, currency fluctuations, and global economic trends. 6. Behavioral Finance Insights – Understanding investor psychology will refine investment strategies and risk assessment

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