

A STUDY ON PORTFOLIO MANAGEMENT ANALYSIS IN TAMILNADU MAGNESITE LTD, SALEM.

DR.V.R.PALANIVELU* & MR.A.KATHIRAVAN**

**Professor, Periyar Institute of Management Studies (PRIMS), Periyar University, Salem - 636 011*

***II-MBA, Periyar Institute of Management Studies (PRIMS), Periyar University, Salem - 636 011*

ABSTRACT

Performance forecasting is central to aligning an organization's operations with its strategic direction. The forecasts and the forecast calculations are used within the output or the profitability methods, for the completion of the shortcomings of the asset-based approaches, in order to establish the value of an enterprise or of a business. The core of the forecasts consists of the expected growth of the results of a business, and also the evaluation of the strategic position of an enterprise. The evaluation and forecasting of the performance of the TANMAG (Tamil Nadu Magnesite) can be performed through the use of various types of financial ratios, such as Comparative income statement, Comparative balance sheet, Common-size income statement, Common-size balance sheet, Trend analysis. The study covers the company balance sheet and income statement of 2011-2016 to analyze the performance of the mentioned years. From the following analysis the researcher find out the increase and decrease value of the company performance from 2011-2016 onwards. The findings and suggestion of the study helps to the company to improve the performance of the company in further years to earn profit and also used to identify the performance and got an idea on increases in the framework of portfolios ideas.

Keywords: TamilNadu Magnesite (TANMAG), Financial Performance, Portfolio Management.

1. INTRODUCTION

Finance is the life-blood of industrial system. Finance is the success key to do business at successful manner. Provision of sufficient funds at the required time is the key of success of a concern. As a matter of fact, finance may be said to be the circulation system of the economic body, making possible the needed co-operation between the many units of activity. "Organism composed lot of individual enterprises, each working for its own ends but concurrently making a contribution to the system as a whole, direction and co-ordination is necessary to

bring some force. Something must direct the flow of economic activity and facilitate its smooth operation. Finance is the agent that produces this result”.

Finance is the lifeblood of a business enterprise. This is because in the modern money-oriented economy, finance is of the basis foundations of all kinds of economics activities. It is the matter which provides access to all the sources for being employed in manufacturing and merchandising activities. In every business needs money to make money. However, it is also true that money causes more money when it is properly managed.

1.1. IMPORTANCE OF THE STUDY

In real-world situations, managers must consider economic, technical feasibility, marketing, competitive positioning, regulatory and many other issues. Because it is not possible to incorporate all of these issues in a detailed optimization model, such models are rarely used in practice. Instead, simple scoring models that rate projects according to many criteria are often used. The decision of how to allocate resources (money, people and space) to research, development and commercialization projects is of enormous strategic importance. Identify embedded options in various securities and determine how option characteristics affect the prices of those securities. It is important to find out the increases and decrease of the statement is necessary to improve the company performance.

1.2. OBJECTIVES OF THE STUDY

- To investigate unexpected increases or decreases in financial statement items in TANMAG.
- To analyze the trend of various income statement and balance sheet TANMAG.

1.3. SCOPE OF THE STUDY

In this study, an attempt has been made to bring out the company financial aspects. The study is mainly concentrated to give a clear picture of liquidity, activity and profitability of efficiency level. The basic for financial planning and analysis financial information, financial need to predict compare and evaluate the forms earning ability. The scope of this study is to provide an insight into concept of financial performance analysis and illustrated it by actually financial performance.

1.4. LIMITATIONS OF THE STUDY

- The study period covers only 5 years which restricts to know more about the financial performance of the company.
- It is only rearrangement of data given in financial statements.

2. RESEARCH METHODOLOGY

The data collected in Tamilnadu Magnesite Limited, Salem, and the area covered for the study in TANMAG Financial department. Descriptive and analytical research design is used for this study. Sample size of the project is 5 years data (2011-2016) were to be used. Secondary data is used from company five years (i.e., 2011-2016) balance sheets, annual reports, financial reports and information collected from various journals, magazine and articles. **Financial tools applied for this study as the followings:** * Comparative income statement, * Common size income statement.

3. DATA ANALYSES AND INTERPRETATION

TABLE- 3.1
COMPARATIVE INCOME STATEMENT AS ON 2011-2015 of TANMAG

Particulars	2011-2012 Increase/decrease in %	2012-2013 Increase/decrease in %	2013-2014 Increase/decrease in %	2014-2015 Increase/decrease in %
Net sales	5.65546753	8.42794433	20.74956068	8.73363017
Less: Cost of goods sold	13.37858857	7.7790883	15.86843227	47.56899407
Gross Profit	6.64020485	9.26704114	26.97584978	36.47074091
Net Profit	16.18115326	17.36772869	58.2147225	74.00878902

INTERPRETATION

Comparative income statement of year 2011-2015, in 2011-2012 there is an **increase** in **Net Profits** of **16.181 %**, in 2012-2013 there is an **increase** in **Net Profits** of **17.367 %**, in 2013-2014 there is a **decrease** in **Net Profits** of **58.214 %**, in 2014-2015 there is an **increase** in **Net Profits** of **74.008 %**.

TABLE-3.2
COMMON SIZE INCOME STATEMENT AS ON 2011-2012 of TANMAG

Years	PARTICULARS	AMOUNT	%	AMOUNT	%
2011-2012	Net Sales	889801660	100	839479216	100
	<i>Less: Cost of goods sold</i>	546521934	61.42064671	473405013	56.39270204
	Gross Profit	343279726	38.57935329	366074203	43.60729796
	Net Profit	112268957	12.61730137	130435369	15.53765317
2012-2013	Net Sales	839479216	100	910230057	100
	<i>Less: Cost of goods sold</i>	473405013	56.392	510231607	56.05523604
	Gross Profit	366074203	43.60729796	399998450	43.94476396
	Net Profit	130435369	15.53765317	153089030	16.81871839
2013-2014	Net Sales	910230057	100	1099098795	100
	<i>Less: Cost of goods sold</i>	510231607	56.05523604	591197364	53.78928325
	Gross Profit	399998450	43.94476396	507901431	46.21071675
	Net Profit	153089030	16.81871839	242209384	22.0370894
2014-2015	Net Sales	1099098795	100	1003107571	100
	<i>Less: Cost of goods sold</i>	591197364	53.78928325	309970725	30.90104531
	Gross Profit	507901431	46.21071675	693136846	69.09895469
	Net Profit	242209384	22.0370894	421465616	42.01599392

Source: Annual reports of TANMAG

4. FINDINGS

- Comparative income statement of year 2011-2015, in 2011-2012 there is an increase in Net Profits majority of the year, so it is **satisfactory** overall performance in TANMAG.

- Common size income statement of year 2011-2015. **Net profits** have **increased** all over the period of the study. So it results good financial position maintain by the company.
- As per analysis of balance sheet five years of the company (i.e., 2011-2015), the company current liabilities is more than current assets.

5. SUGGESTIONS

As per annual report of TANMAG in percentage wise the company results current liabilities is more than current asset as per balance sheet, so the company need to concentrate to rectify. The company needs to concentrate on the portfolio to manage the standard financial position in the company.

6. CONCLUSION

A study of financial performance of a co-operative sector becomes inevitable at this liberalize, globalize and privatize situation with a view to sustain its performance and profits to compete with public sectors. In this study such an effort has been taken to analyze the maximum aspect of the financial performance of TANMAG. Further it has been understood that, the present financial policy and performance of TANMAG is not good enough to meet its future requirement in all aspects. This project helps me to improve knowledge in forecasting of financial performance.

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