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# AN ANALYSIS OF FINANCIAL PERFORMANCE AND STRATEGIC GROWTH PLANNING IN RAW MATERIAL SUPPLY ENTERPRISES: EVIDENCE FROM COIMBATORE

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## ABSTRACT

Financial performance analysis plays a vital role in assessing the growth, stability, and recovery position of an enterprise. The objective of the study is to analyst the financial performance of the company. This study is based on the secondary data. They were collected from the annual report of the company. The study covers the period of five years 2020-2021 to 2024-2025. By using a number of tools, such as Ratio Analysis and Trend Analysis. Net sales grew significantly from 2020-2021 to 2024-2025, and the Gross Profit Ratio improved, loans are being repaid within the stipulated period from 2021-2022 to 2024-2025. Investment has also increased in the current year compared with previous years, indicating that the enterprise will achieve profits and sustainable growth. Fixed assets have declined due to depreciation, confirming increasingly effective utilization of fixed investments to generate sales. Overall, the enterprise is well positioned for sustainable strategic growth and it is recommended that management focus on optimizing inventory levels and maintaining adequate cash reserves to further strengthen financial performance in the coming years.

**KEYWORDS:** Financial Performance Analysis, Ratio Analysis, Trend Analysis, Strategic Growth Planning.

## INTRODUCTION

Financial performance analysis and strategic growth planning are two fundamental pillars that determine the long-term success and sustainability of any business organization. In today's competitive and dynamic business environment, enterprises must not only focus on generating profits but also on maintaining financial stability and planning systematically for future expansion. Financial performance analysis provides a clear picture of how effectively a company is utilizing its financial resources, managing costs, generating revenue, and maintaining liquidity. Strategic growth planning, on the other hand, ensures that the organization has a well-defined roadmap to achieve long-term objectives and adapt to changing market conditions.

Raw Material Supply Enterprises is a business organization engaged in trading and distribution activities, focusing on delivering quality products and reliable services to its customers. The company operates with a commitment to efficiency, customer satisfaction, and sustainable business growth. Since its establishment, Raw Material Supply Enterprises has aimed to build strong relationships with suppliers and clients while maintaining consistent operational performance. The enterprise emphasizes proper inventory management, timely delivery, and competitive pricing to strengthen its market presence.

The study uses various financial analysis tools to evaluate the performance of Raw Material Supply Enterprises in a systematic manner. Ratio analysis is applied to measure profitability and liquidity analysis. Trend analysis helps in identifying growth patterns and performance direction over time. These tools together provide a clear understanding of the company's financial strength and support strategic growth planning.

**OBJECTIVES OF THE STUDY:**

1. To analyze the financial performance of Maruthi's Enterprises.
2. To evaluate the profitability position of the company.
3. To evaluate the fixed asset utilization and recommend strategies for optimizing resource deployment.
4. To analyze cost control measures and budget utilization to recommend strategies for profit maximization.

**SCOPE OF THE STUDY**

1. The study helps in understanding the financial strengths and weaknesses of Raw Material Supply Enterprises.
2. It provides insight into the company's profitability, liquidity, and operational efficiency.
3. The analysis supports management in making better financial and strategic decisions.
4. It helps investors and stakeholders assess the financial stability of the enterprise.

**LIMITATIONS OF THE STUDY**

1. The study is based mainly on secondary data collected from financial performance.
2. The accuracy of the study depends on the correctness of the company's financial report.

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

**LITERATUE REVIEW**

**1. Pandey K. (2024)**, Analyzed the financial performance of Indian SMEs before and after their Initial Public Offerings. The study used comparative financial statement analysis and key financial ratios to assess the impact of IPOs on firm performance. Liquidity, profitability, solvency, and efficiency ratios were employed as primary evaluation tools. The findings highlighted significant changes in financial health following the transition to public listing.

**2. Sri Indah et al. (2024),** Examined the financial performance of PT Telkom Indonesia for the period 2020–2022 using ratio-based analysis. The study focused on liquidity, solvency, and profitability ratios as financial performance measurement tools. The results provided insights into the telecommunication firm's financial stability and operational efficiency over the period.

**3. Sogomi et al. (2024),** Explored the relationship between working capital management, liquidity, and financial performance in the context of Kenyan SMEs. The study investigated how efficiently managed working capital contributes to improved liquidity and overall firm performance. The findings underscored the critical role of working capital management in sustaining SME growth and financial health.

**4. Ranganathan Venkatesan (2024),** Investigated the impact of financial management practices on the performance measurement of SMEs in Tamil Nadu. Liquidity, profitability, and efficiency ratios were used alongside financial management practice indicators as evaluation tools. The findings suggested that stronger financial management practices are positively associated with improved SME performance in the region.

**5. Research Team (2024),** Analyzed the financial performance of a selected company by assessing liquidity and profitability ratios. The study utilized ratios such as the current ratio, quick ratio, gross profit ratio, and net profit ratio as performance indicators. The results demonstrated that ratio analysis serves as an effective tool for measuring and monitoring financial performance.

**6. Darwis (2024),** Evaluated the financial performance of PT Telkom Indonesia over the period 2020–2022 using liquidity, solvency, and profitability ratio analysis. The study interpreted financial statements to assess the company's short-term and long-term financial standing. The findings offered a comprehensive picture of the financial health of one of Indonesia's leading telecommunications companies.

**7. Swaty Parab (2023),** Studied the financial performance of selected public listed Micro, Small and Medium Enterprises in India using ratio analysis. The study employed liquidity, profitability,

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

solvency, and efficiency ratios to evaluate and compare the financial condition of selected firms. The findings provided useful benchmarks for assessing the financial health of listed MSMEs across different sectors.

## RESEARCH METHODOLOGY

The study evaluates the financial performance one of the enterprises with help of the most appropriate tool of financial analysis like ratio analysis, trend analysis and comparative balance sheet. Hence, it is essentially fact-finding study.

## RESEARCH DESIGN

A research design is a type of blueprint prepared on various types of blueprints available for the collection, measurement and analysis of data. A research design calls for developing the most efficient plan of gathering the needed information. The research study applied here is purely descriptive.

## DATA COLLECTION METHODS – SECONDARY DATA

In this research, used secondary data only for last five years 2020-2021 to 2024-2025 in Maruthi's enterprises.

## TOOLS USED FOR ANALYSIS

### 1. RATIO ANALYSIS

Ratio analysis measures relationships between items in financial statements to evaluate profitability, liquidity analysis.

### 2. TREND ANALYSIS

Trend analysis tracks financial data over multiple years to identify growth patterns and performance direction. In this study trends were analyzed from 2020–2021 to 2024-2025. Fixed asset and current liabilities are taken as trend analysis.

## PERIOD OF STUDY

This study covers the period of 2020-2021 to 2024-2025 in Maruthi's Enterprises company.

## RATIO ANALYSIS

### 1. GROSS PROFIT RATIO

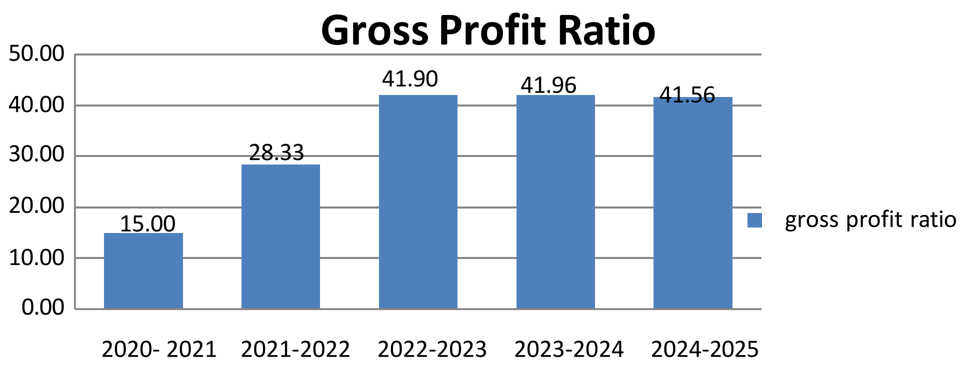
$$\text{Gross Profit Ratio}= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

**Following table Shows the classification of Gross profit Ratio**

| SI. No | Year | Gross profit | Net sales | Gross profit ratio |
|---|---|---|---|---|
| 1. | 2020- 2021 | 6000000 | 40000000 | 15.00 |
| 2. | 2021-2022 | 17000000 | 60000000 | 28.33 |
| 3. | 2022-2023 | 44000000 | 105000000 | 41.90 |
| 4. | 2023-2024 | 44900000 | 107000000 | 41.96 |
| 5. | 2024-2025 | 45300000 | 109000000 | 41.56 |

**Source: Secondary data**

**Following chart Show's  the Gross Profit Ratio**




## INTERPRETATION

The above table and chart show the Gross Profit Ratio. The lowest ratio is 15.00 in the year 2020-2021, the ratio shows a consistent increase from 2020-2021 to 2022-2023, rising from 15.00 to 41.90, the ratio remained nearly stable from 2022-2023 to 202320-24 (41.90 to 41.96) and showed a decline to 41.56 in 2024-2025.

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

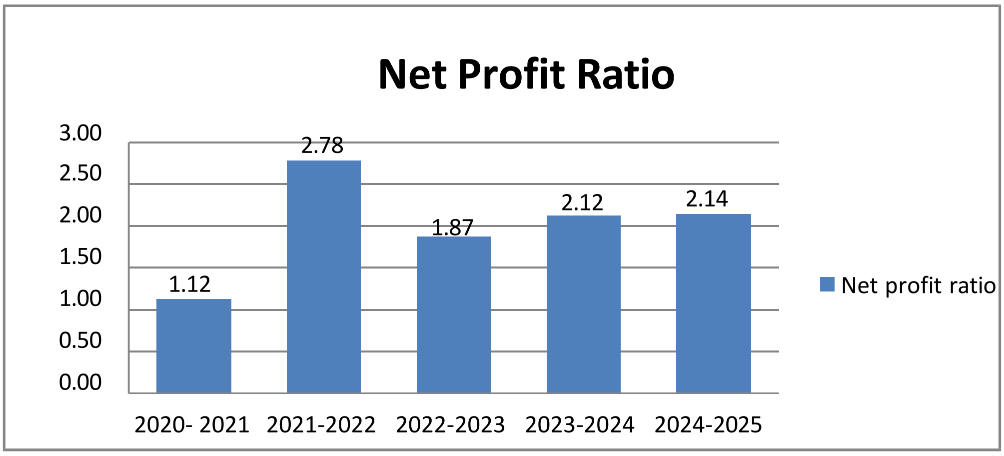
$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

**Following table Show's the classification of Net Profit Ratio**

| SI. No | Year | Net Profit | Sales | Net Profit Ratio |
|---|---|---|---|---|
| 1 | 2020- 2021 | 449550 | 40000000 | 1.12 |
| 2 | 2021-2022 | 1669750 | 60000000 | 2.78 |
| 3 | 2022-2023 | 1966250 | 105000000 | 1.87 |
| 4 | 2023-2024 | 2273612.5 | 107000000 | 2.12 |
| 5 | 2024-2025 | 2336753.12 | 109000000 | 2.14 |

**Source: Secondary data**

**Following chart Show's the Net Profit Ratio**




## INTERPRETATION

The above table and chart show the Net Profit Ratio. The lowest ratio is 1.12 in the year 2020-2021, the ratio increased sharply to 2.78 in 2021-2022, the ratio of 1.87 in 2022-2023, The ratio gradually recovered from 2.12 in 2023-2024 to 2.14 in 2024-2025.

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

**3. CURRENT RATIO**

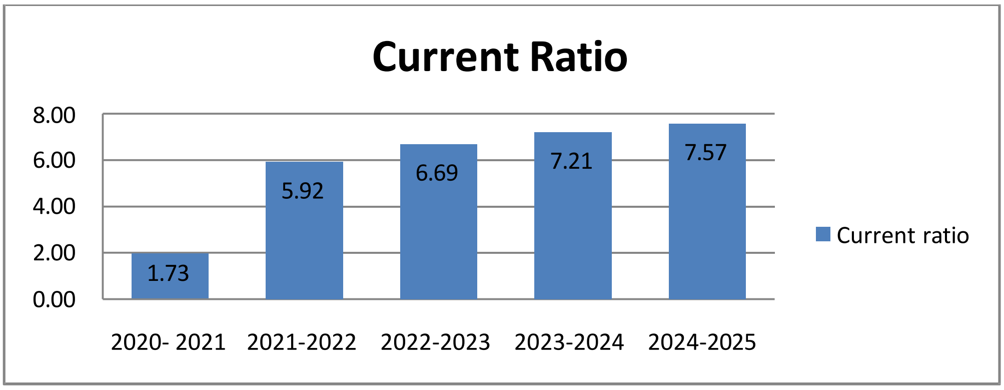
$$\text{Current Ratio}=\frac{\text{Current Asset}}{\text{Current Liability}}$$

Following table Show's the classification of Current Ratio

| SI. No | Year | Current Asset | Current Liabilities | Current Ratio |
|---|---|---|---|---|
| 1 | 2020- 2021 | 10065420 | 5833495 | 1.73 |
| 2 | 2021-2022 | 17944320 | 3029070 | 5.92 |
| 3 | 2022-2023 | 20249870 | 3029070 | 6.69 |
| 4 | 2023-2024 | 21171480 | 2938330 | 7.21 |
| 5 | 2024-2025 | 20616450 | 2723300 | 7.57 |

Source: Secondary data

Following chart Show's the Current Ratio




**INTERPRETATION**

The above table and chart show the current ratio. The highest ratio is 7.57 in the year 2024-2025. The ratio is gradually increasing from the year 2021-2025, the ratio denoted the satisfaction of the company in the following year.

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

**TREND ANALYSIS**

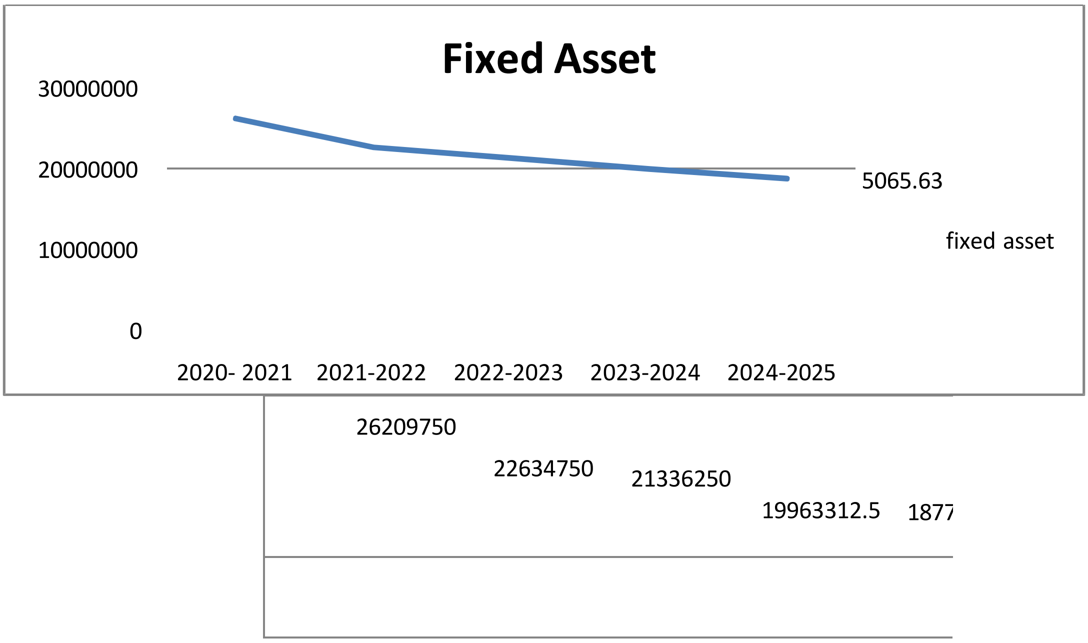
**1. TREND ANALYSIS OF FIXED ASSET**

Following table Show's the Trend Analysis of Fixed Asset

| Year | 2020- 2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 |
|---|---|---|---|---|---|
| Fixed Asset | 26209750 | 22634750 | 21336250 | 19963312.5 | 18775065.63 |

Source: Secondary data

Following chart Show's the Trend Analysis of Fixed Asset




**INTERPRETATION**

The above table and chart clearly specify that the fixed assets continuously decreasing from the year 2020- 2021to 2024-2025.

**Following table Show's the Trend Analysis of Current Liabilities**

| Year | 2020- 2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 |
|---|---|---|---|---|---|
| Current Liabilities | 5833495 | 3029070 | 3029070 | 2938330 | 2723300 |

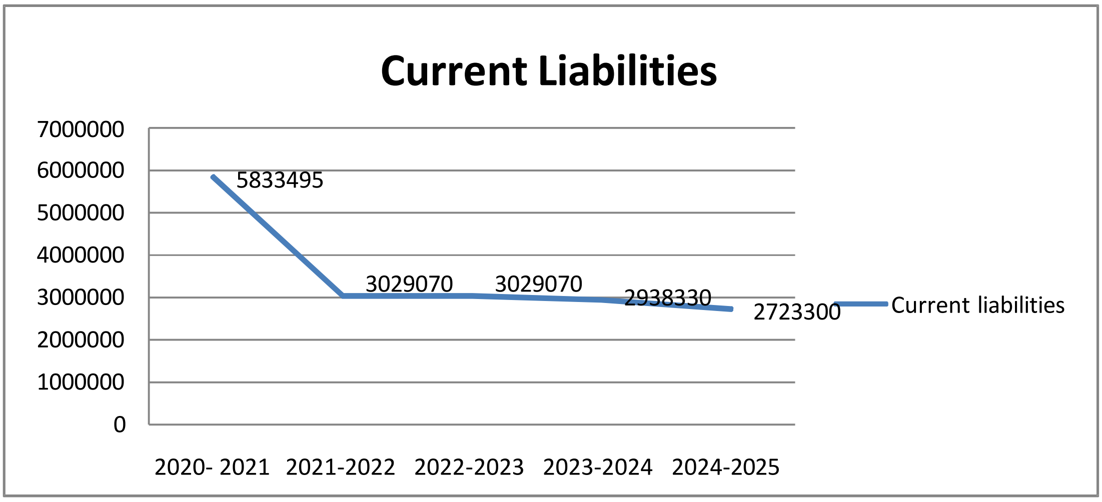
International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

**Source: Secondary data**

**Following chart Show's the Trend Analysis of Current Liabilities**




**INTERPRETATION**

The above table and chart clearly specify that the current liabilities continuously decreasing from the year 2020- 2021 to 2024-2025.

**FINDINGS AND SUGGESTIONS**

**Findings**

1. The gross profit ratio is increased 41.96% in the year 2023-2024 and decreased 15% in the year 2020-2021.
2. The net profit ratio is increased 2.78% in the year 2021-2022 and decreased 1.12% in the year 2020-2021.
3. The current ratio is increased 7.57% in the year 2024-2025 and decreased 1.73% in the year 2020-2021.
4. The trend analysis of fixed asset is increased 26209750 in the year 2020-2021 and decreased 18775065 in the year 2024-2025.
5. The trend analysis of current liabilities is increased 5833495 in the year 2020-2021 and decreased 2723300 in the year 2024-2025.

**Suggestions**

1. Raw Material Supply Enterprises may maintain adequate working capital and liquid reserves to meet its day-to-day obligations without depending on overdraft facilities.
2. The enterprise may increase its sales activities by exploring new markets and should take steps to

ISSN 2582-2292

Vol. 8, No. 03 May-June; 2026 Page. No. 717-728

ensure speedy recovery of outstanding receivables from customers.

3. The management may bring suitable changes to its procurement and pricing policies to protect profit margins during periods of raw material cost fluctuations.

4. The enterprise can invest in modernizing its fixed assets, as tangible assets have been continuously declining due to depreciation with no new additions.

5. The enterprise should actively explore new geographical markets and industries (beyond textile, pharma, and food sectors) to reduce dependency on existing customers, improve revenue stability, and further accelerate the upward trend in profitability.

## CONCLUSION

The study effectively explored the financial performance of Raw Material Supply Enterprises over the five-year using ratio analysis, trend analysis, and comparative balance sheet statements. It was observed that the enterprise has shown consistent improvement in its financial position, with the Gross Profit Ratio rising and the Current Ratio improving. The solvency position also improved with the Debt Ratio declining, it reflecting the management's efforts toward systematic debt reduction. By measuring the efficiency of the enterprise, it became evident that operational improvements in asset utilization and creditor management have led to better financial discipline. To conclude, Raw Material Supply Enterprises is a financially sound and efficiently managed enterprise, and with the implementation of the suggestions provided, it is well-positioned for sustainable growth in the years to come.

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