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A STUDY ON FINANCIAL KEY PERFORMANCE INDICATORS IN ELECTRONICS INDUSTRIES

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Abstract: Financial Key performance indicators are a broad analysis of the company's financial situation. It is comparable to a human health examination. If the health isn't good, the right care needs to be offered. The company's finances should also receive attention because they are its lifeblood. I have examined the income statement, balance sheet, and ratios necessary for managing cash and cash flow for this study. I have largely concentrated on cash from operations in this. As these are the items on the list of tasks for the Financial KPI Study, they must be completed. After the investigation, I assessed some results and made recommendations to the business and investors. So, I conducted my research under the heading Financial Key Performance Indicators Study.on Electronics industries

Key words- Key performance indicators, Financial, Electronics Industries..

I. INTRODUCTION

An important analysis of a company's financial performance shows how well its assets are used and how financially stable it is. A major goal of financial analysis is to determine if a firm can successfully expand its operations, produce enough cash flow to pay its debts, and make a return on its capital that is at least equal to that capital's cost. It is mostly utilized by shareholders and investors to acquire a clear image of the cash position and a decision on whether or not to invest. It often depicts the dominant financial thought trends.When evaluating the financial statements for credit choices, operational decisions, performance evaluations, and budgeting, the finance departmentmust use extreme caution. The key elements used in this analysis are

- INCOME STATEMENT
- BALANCE SHEET
- CASH FLOW STATEMENT

INCOME STATEMENT:

Income and expense statements are crucial. It displays the company's outcomes. It is primarily concerned with net profit or a net loss. Income or revenue is crucial for a firm. The quantity of income generated demonstrates the company's improving performance, allowing management to decide whether to use it as a reserve or to pay for necessary expenses. The amount spent on expenses, on the other hand, is also quite important. As was noted in the paragraph above, necessary expenses include those for machinery, maintenance, staff wages or salaries, and other business-related costs. Additionally, direct and indirect costs could be included. The administration of any organization might determine from this remark. about income components and control unnecessary expenses. Andthey can also forecast the future.

BALANCE SHEET:

It is one of the indicators used to illustrate how well a corporate entity's finances are doing. It includes each andevery asset and liability. It has its own formula:

Capital = Assets Liabilities;Assets = Liabilities + Capital.

This balance sheet statement can be relied upon in large part if an analyst or investor wishes to evaluate the financial performance of any organization. It resembles the company's beating heart. The valuation of both tides must match. When preparing the balance sheet, current assets, current liabilities, fixed assets, intangible assets, long-term liabilities, capital, and withdrawals are all taken into account. One can determine the nature, value, and liquidity situation of assets from this balance sheet.

CASH FLOW STATEMENT:

It is dependent on the flow of money. It is a cash-basis statement of changes in financial status. It has some advantages including serving as a forecasting guide, effective cash management, developing financial policies, creating cash budgets, and revaluation. There are three main headings in this claim, including.

- Cash flow using operating activities
- Cash flow using financing activities
- Cash flow using investing activities

REVIEW OF LITERATURE:

1.Albertini, E. (2013). Does environmental management improve financial performance? A meta-analytical review. Organization & Environment, 26(4), 431-457.

The research literature has given much emphasis to the connection between corporate environmental performance and financial performance, but the findings are still inconclusive. The majority of research indicates that environmental performance enhances financial performance, although some studies indicate that there may be a neutral or even adverse relationship.

2.PÄTÄRI, S., ARMINEN, H., TUPPURA, A., & JANTUNEN, A. (2014). COMPETITIVE AND RESPONSIBLE? FINANCIAL PERFORMANCE AND CORPORATE SOCIAL RESPONSIBILITY IN THE ENERGY BUSINESS.37, 144–154, REVIEWS OF RENEWABLE AND SUSTAINABLE ENERGY.

Examining the relationship between corporate social responsibility (CSR) spending and corporate financial performance (CFP) is the main goal of this study The energy sector serves as the framework, and sustainability concerns are very important in this sector. Thomson ONE and the KLD database were used to construct our data set. We evaluate Granger causation between CSR strengths/concerns and CFP using panel data on energy sector enterprises spanning the years 1991 and 2009.

3.FRIEDE, G., BUSCH, T., & BASSEN, A. (2015). A COMPILATION OF EVIDENCE FROM MORE THAN 2000 EMPIRICAL STUDIES ON ESG AND FINANCIAL PERFORMANCE. JOURNAL OF SUSTAINABLE FINANCE & INVESTMENT, 5(4), 210-233.

Beginning in the early 1970s, researchers began looking for a link between corporate financial performance (CFP) and environmental, social, and governance (ESG) factors. Since then, more than 2000 empirical research and numerous review papers on this relationship have been published by academics and investors. Only a small portion of the primary studies that have been examined in the largest prior review study, making conclusions difficult to generalize. As a result, there is still a lack of consensus regarding how ESG criteria affect finances. This study pulls allavailable primary and secondary data from earlier academic review studies in order to address this flaw. By doing this, the study synthesizes the results of over 2200 distinct studies. As a result, this study provides the most thorough summary ofacademic research on the subject and enables generalizations.

4.NOLLET, J., FILIS, G., & MITROKOSTAS, E. (2016). CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE: A NON-LINEAR AND DISAGGREGATED APPROACH. ECONOMIC MODELLING, 52, 400-407.

The present paper examines the relationship between Corporate Social Performance (CSP) and Corporate Financial Performance (CFP), using both accounting-based (Return on Assets and Return on Capital) and market-based (Excess Stock Returns) performance indicators. We use Bloomberg's Environmental Social Governance (ESG)Disclosure score covering the S&P500 firms in the period 2007–2011 which allows for the examination of both linear and nonlinear relationships to be considered. The results of the linear model suggest that there is a significant negative relationship between CSP and Return on Capital.

5.MAINA, F. G., & SAKWA, M. M. (2017). UNDERSTANDING FINANCIAL DISTRESS AMONG LISTED FIRMS IN NAIROBI STOCK EXCHANGE: A QUANTITATIVE APPROACH USING THE Z-SCORE MULTI-DISCRIMINANT FINANCIAL ANALYSIS MODEL.

The article evaluates the level of financial hardship among publicly traded companies on Kenya's Nairobi Stock Exchange. With the overarching goal of preserving the financial stability of these firms, the Capital Market Authority (CMA) has a regulatory duty to maintain monitoring of companies listed on the Nairobi Stock Exchange (NSE) with regard to capital, liquidity, and other characteristics. Therefore, it is anticipated that the businesses will be financially responsible and sound, which will draw in investors. There is a gap between surveillance and the administration of these companies, as evidenced by the current crisis in which several NSE-listed companies, including stock brokers, encountered financial trouble. The public may lose interest in investing in the Nairobi StockExchange if this is not corrected.

SCOPE & SIGNIFICANCE OF THE STUDY:

This study's primary purpose is to investigate the profit situation. In the next three to five years, India's electronics industry has the potential to rank among the country's top exports. Additionally, this might enable investors to receive higher ROIs. This could in some way benefit the sector.

SOURCES OF DATA:

Secondary Data –Websites of the company, published annual reports, and a review of published papers' literature

TOOLS FOR ANALYSIS:

Comparative statement:

A comparative statement contrasts a specific financial statement with financial statements from preceding periods. The comparison of historical financial data with the most recent information in columns allows investors to see trends, track a company's progress, and evaluate how it compares to rivals.

RATIO ANALYSIS:

Ratio analysis is a statistical technique for analysing a company's income statement and balance sheet to discover more aboutits profitability, efficiency, and liquidity. Fundamental equities research is built on ratio analysis.

CASH FLOW MANAGEMENT:

The practice of organizing, monitoring, and regulating the flow of money into and out of a company is known as cash flow management. It entails anticipating future cash requirements, making sure there are enough resources on hand to satisfy these demands, and managing any extra cash in a way that maximizes its value.

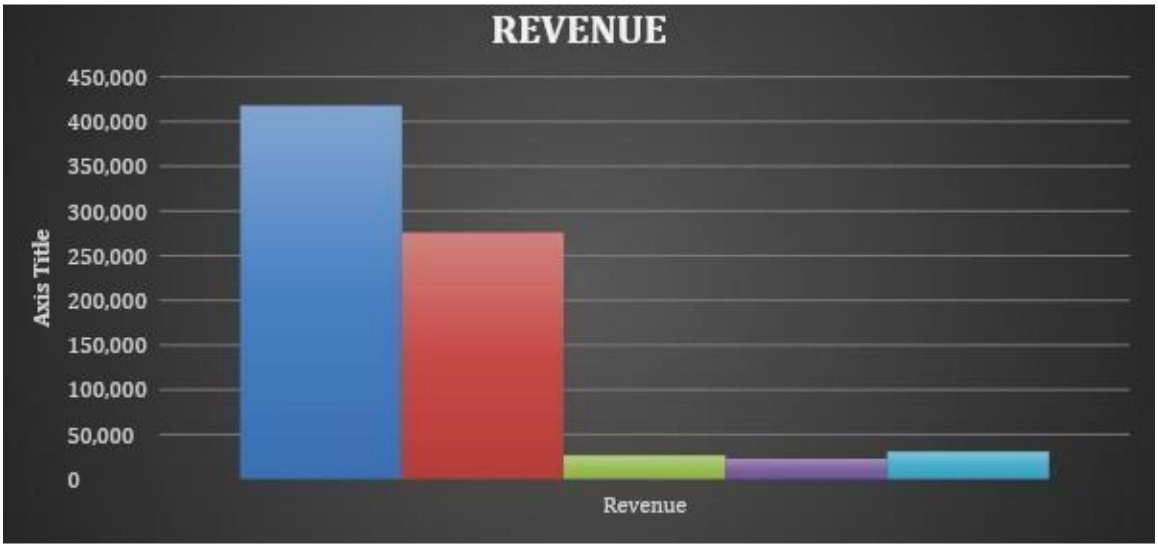
1. FACTORS CONSIDERED FOR CASH MANAGEMENT:

There are some factors that should be taken to analyze cash management. They are as follows

1. Revenue
2. Sales
3. Working capital

1. REVENUE

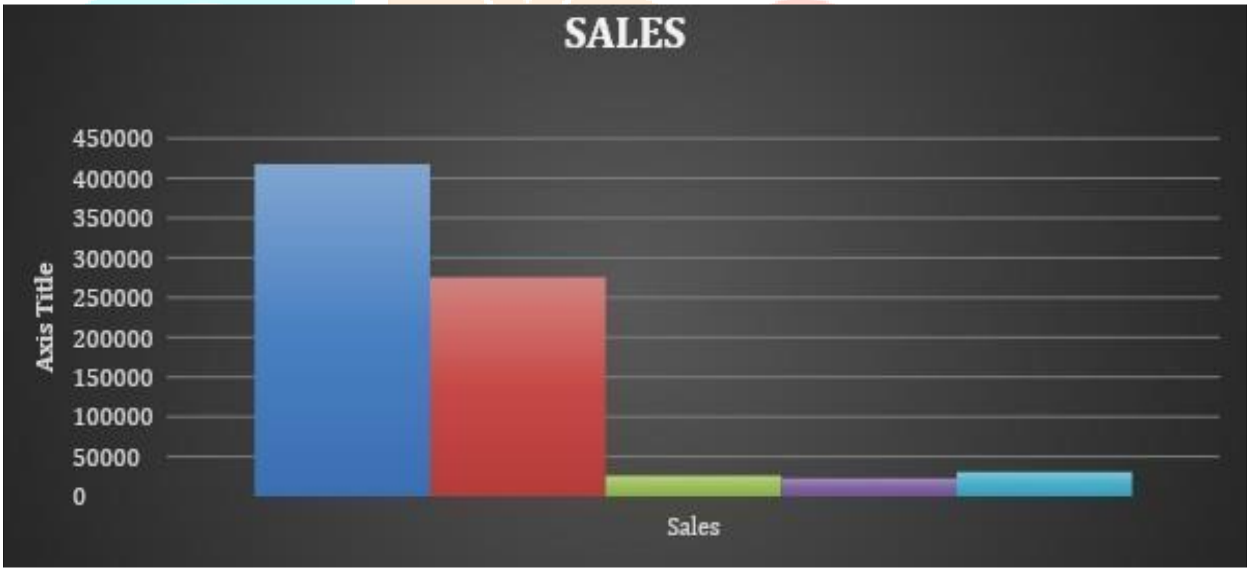
Year	Values
2017-2018	4,18,018
2018-2019	2,76,057
2019-2020	2,6405
2020-2021	22,666
2021-2022	30,915



Interpretation:
The value in the first fiscal year (F.Y.) (2017–2018) is shown in the diagram above. It is 4,18,018 and steadily fell in the year after. There is a 1,41,961-dollar difference, and the value dropped for the next two years in a row. According to the annual report, other income fluctuates between positive and negative figures. As the epidemic spread throughout the world in 2020, it had an impact on every industry, which led to a fall in sales as well as other operating revenues that may have had a direct impact on the company. However, it somewhat grew from the prior years in the F.Y. 2021-2022. This indicates something good. This demonstrates that ROI will be favorable

2.SALES

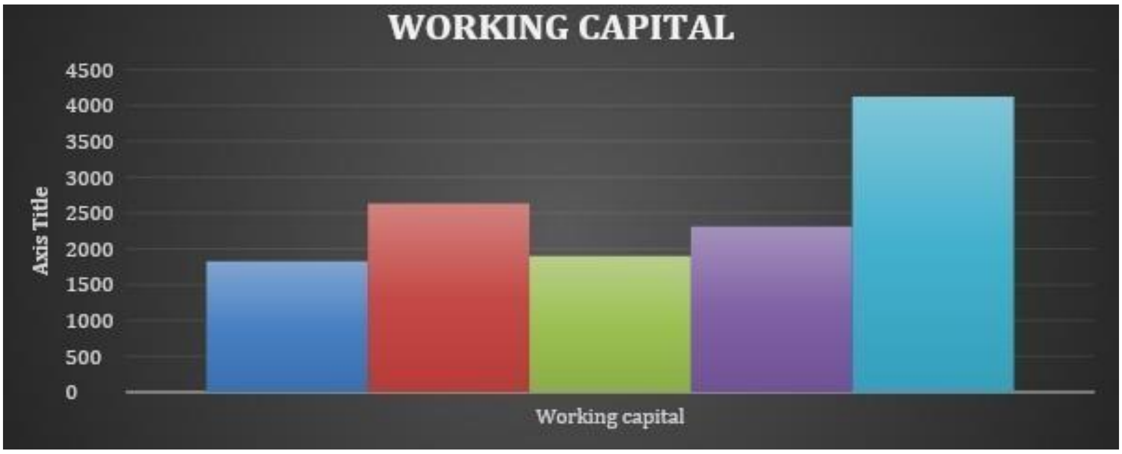
Year	Values
2017-2018	4,17,742
2018-2019	2,75,565
2019-2020	25,797
2020-2021	22,411
2021-2022	30,747



Interpretation:
According to the above diagram, the value for the first fiscal year (F.Y.) 2017-2018 It is 4,17,742, and in the year after, it gradually fell. There is a 1,42,177-dollar gap, and the value has fallen for the next two years in a row. According to the annual report, the company's primary sales methods are through the distribution of products and services. Sales have decreased due to the pandemic, which began in 2020 and affected every industry globally. However, it somewhat grew from the prior years in the F.Y. 2021-2022. This indicates something good. This demonstrates that the ROI will be positive

3.WORKING CAPITAL:

Year	Values
2017-2018	1827
2018-2019	2634
2019-2020	1896
2020-2021	2313
2021-2022	4126



Interpretation

According to the following graphic, working capital has fluctuated for four years in a row (increase and drop), but it has doubled in value in the F.Y. (2021-2022), which is a good indicator. Working capital delivers a comprehensive view of the company's financial situation because it equals Current Assets - Current Liabilities. This demonstrates that the company's financial situation is sound. Therefore, investing is appropriate for both the business (day-to-day operations) and investors

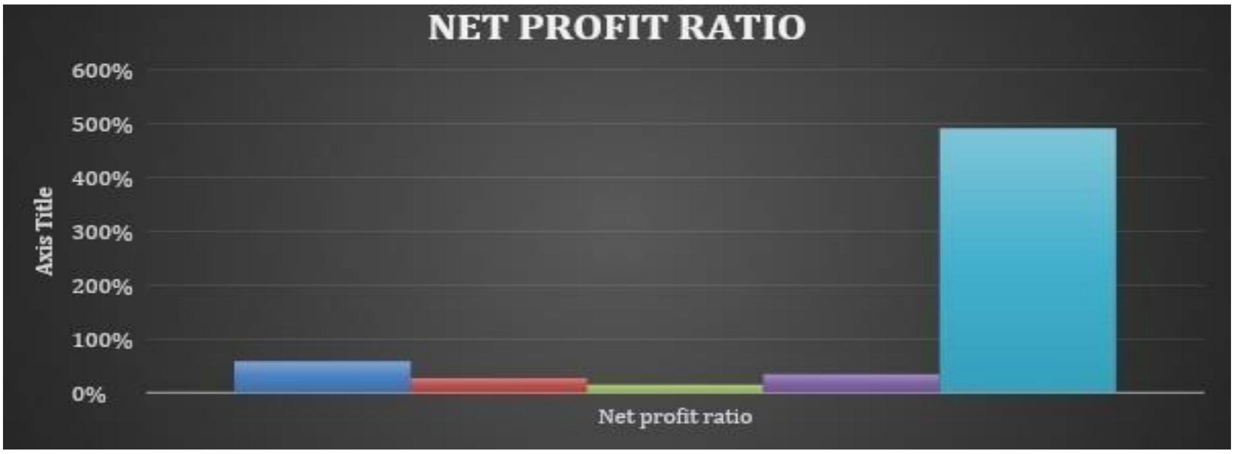
1 RATIO ANALYSIS

Net profit Ratio

Profitability ratios, such as the net profitability ratio, are crucial metrics in financial analysis, as they show how companies use their assets to generate profits and value for owners. These ratios can help companies maximize efficiency and discover new ways to improve their finances. Understanding net profitability can help you improve your professionalism and identify areas for financial growth in a company.

NET PROFIT RATIO= Net profit/Total sales *100

Year	Net profit	Total sales	Ratio
2017-2018	2445	417742	59
2018-2019	744	275565	27
2019-2020	39	25797	15
2020-2021	77	22411	34
2021-2022	1510	30747	491



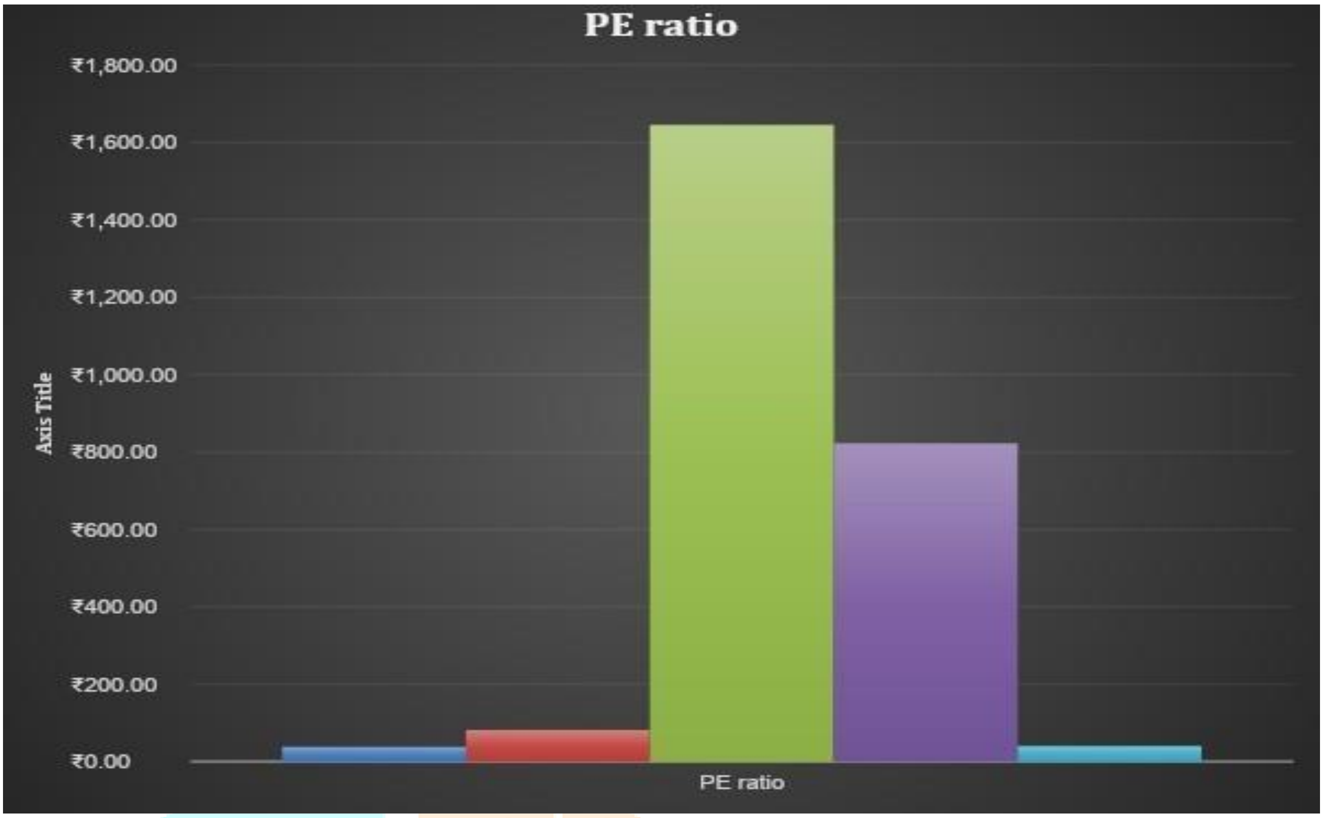
Interpretation:
As the net profit ratio demonstrates, the business is profitable. According to the diagram above, the value is higher in FY 2017–2018. But its values are dropping throughout the course of the years. There is a chance that the expenses will exceed the income. However, the percentage saw a significant increase in FY 2021–2022. As sales are a factor in determining net profit, they are also a factor that changes (see sales table). That corresponds to changes in net profit. This paints a clear picture of why investing in the business is reasonable.

PE Ratio

The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

PE ratio= Current market price/Earnings per share

Year	Current market price	Earnings per share	Ratio
2017-2018	329	8.7	37.82
2018-2019	329	4.0	82.25
2019-2020	329	0.2	1645
2020-2021	329	0.4	823
2021-2022	329	8.1	40.62



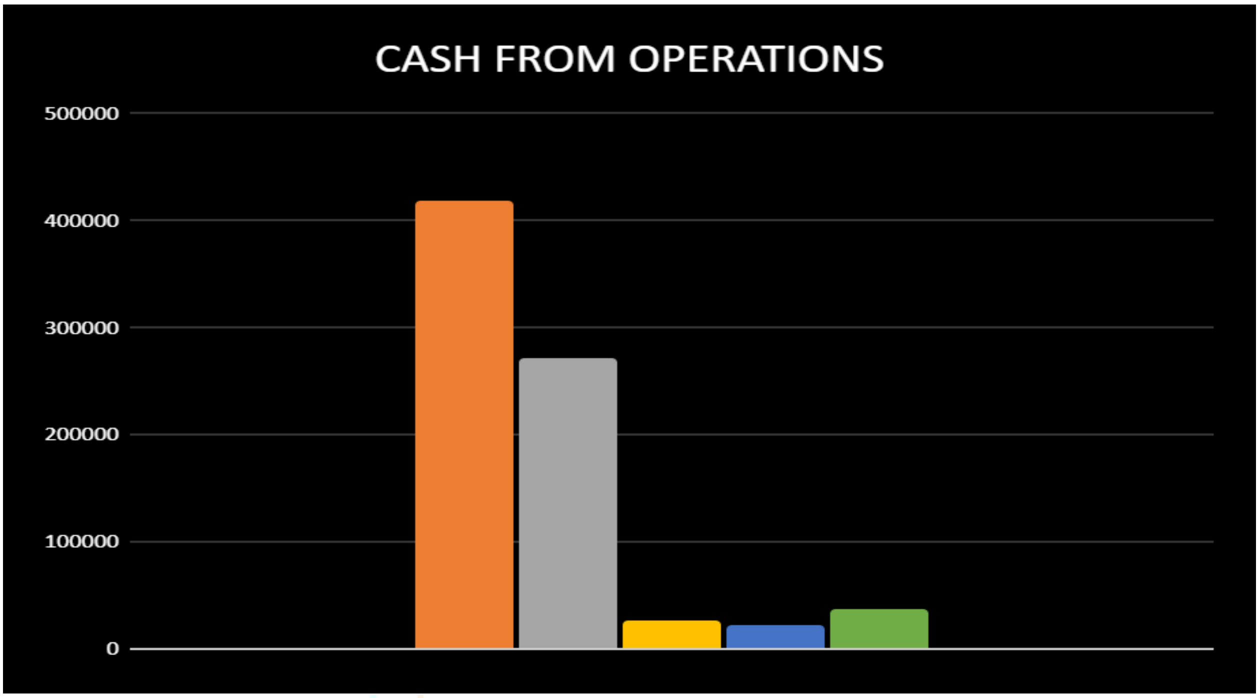
Interpretation

Because it's so important, every investor used to consider it before making a purchase. The ratio is increasing in one year and reduces in one year, according to this diagram. Since market price is one of the primary factors used to calculate the PE ratio, this is solely based on the capital market. Therefore, we are unable to decide whether to investor not because it depends only on the company's future behavior. However, we anticipate that the years to come might be more expensive.

3.CASHFLOW MANAGEMENT

From the cash flow statement I have focused on cash from operations as the company's main source of income is from operations

Year	value
2017-2018	417687
2018-2019	272107
2019-2020	27186
2020-2021	21,497
2021-2022	36,230



INTERPRETATION

From the above graph shows the biggest change between the years 2017-18 to 2021-22. As the year starts from the value in lakhs it shows declining values in the upcoming years. In the years 2020-21 due to the coronavirus, many industries have closed or paused their operations, So the value might be decreased due to that cause compared to theprevious year 2019-20. But in the last year, it has increased slightly at a huge. So, this shows that cash from operations is performing well.

FINDINGS, SUGGESTIONS AND RECOMMENDATIONS, AND CONCLUSION.

1. Findings:

1. .Values for the revenue factor have been falling for the past many years. The other revenue factors can be examined in the annual report to see how they are evolving, both positively and negatively. The epidemic halted all business operations in every industry sector in the fiscal year 2020–21. This creates the possibility of a drop in sales. However, the value has grown for FY 2021–2022. This is encouraging.

2. It comes after the other elements, such as sales and working capital. The value has been steadily decreasing, but in FY 2021–22, it has significantly surged in value.

3. In the following tool ratio analysis also has the same impact

4. The net profit ratio has a positive and a negative side, but it has been better over the past year. The primary factor in determining a net profit ratio may be sales or net profit.

5. The PE ratio has the same flow, however the figure for FY 2019–20 may rise. This might be the rise in the EPS value, which is calculated by dividing the market price.

6. Next, using the balance sheet as backup, I took cash from operations. I deduced from that that the value has been steadily declining, and as usual, it grew in FY 2021–22. This signifies that the operating cash flow is performing well.

7. I have worked on fund flow statements and working capital accounts with the assistance of cash from operations.

8. I have deduced from the Fund Flow Statement that the Cash Flow is greater than the Fund Application. This demonstrates that it runs efficiently.

9. Working capital has led me to believe that it is doing well in comparison to the base year.

10 And finally, after studying the cash flow statement, I discovered that throughout the course of the last five years, all three factors—cash from operations, investing, and financing—have changed both positively and negatively.

11.The operational costs, current assets and liabilities, and a whole host of other factors could all affect the change in cash from operations. These caused the shift in cash flow.

12. The cash flow from investing may come from business expansion or other investments.

13.Business growth or other investments may generate cash flow from investments.

2. SUGGESTIONS & RECOMMENDATIONS

1. As EPS has risen during the past year. This demonstrates that the business has recovered. In light of this, I advise investors to invest and businesses to expand operations because it is impossible to anticipate the future, as evidencedby the fact that the value has fallen over the past two years.

2. revenue is the major pillar for a company's proceeding. As for this company the revenue is from operation (i.e) Sales and service and distribution. I suggest the company think of another source of income as this is electronic- based so they can innovate any new electronics like television kind as it has everlasting demand always and revenue will also increase.

3. As crucial as the sales are in supporting the business's operational division. Since it is flawless in this area, however, even without marketing, the business should increase sales because it faces competition from other businesses. Therefore, I recommend enhancing the branding.

4. Working capital comes next. Considering that it consists of both current assets and current liabilities. From a financial standpoint, I advise the corporation to pay off its debts and stop focusing on acquiring assets.

5. The last F.Y. 2021-2022 saw a rise in each of the four ratios. In light of this, I would advise the business to increase its operational focus in the next years. Because it would force you to stay in the market for a while.

6. Lastly, as I've already stated, the business needs to concentrate more on its operations. When assessing the cash from operations, it exhibits both good and negative sides, and in the most recent F.Y. 2021–2022, it grew. This desirable quality ought to be preserved for the benefit of the business.

7. From the whole analysis, I would advise investors to invest in this business without any reservations, and shareholders shouldn't be concerned either because the EPS is doing well.

8.However, it has no drawbacks because of its stronger brand recognition among consumers. The business can operate in a flow. These are the advice and recommendations I have.

LIMITATION OF THE STUDY:

- This study is purely based on the data got from the annual report and information got from the company
- This study is all about the financial health of the company
- The research is fully based on secondary data

CONCLUSION:

A crucial analysis that aids in planning the company's operations and other growing events is financial health. Investors also do it to determine whether they can make an investment or not. It is beneficial in a variety of ways, and many businesses hire experts to evaluate their financial statements. The business and the individual in charge of preparing the financial statement must be diligent and sincere if they want to receive a real analysis.

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