

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

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**OBJECTIVES**

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**RESEARCH METHODOLOGY**

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

**THE FINANCIAL STATEMENT ANALYSIS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED, KARUR****OMBEGA OGUTA KEPHAR****RESEARCH SCHOLAR****DEPARTMENT OF BUSINESS AND ECONOMICS****JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE & TECHNOLOGY****KENYA****ABSTRACT**

*In the study of the analysis of financial statements of Tamil Nadu Newsprint Papers Limited, the leading world paper-mill with high quality, premium, surface-sized and non-surfaced sized writing and printing papers. It focuses on the inside of the present and forecast the future prospects of the company's operations in the present competitive environment other than to meet the basic objectives of the company in the stakeholders point of view of providing adequate dividends and safeguarding the assets of the company. The Analysis is based on the historical data of the company for the period of five years from year ended march 2005 to march 2009 by employing comparative, common size and trend analysis techniques. The study discloses a trend that indicates impressive future given the company maintains and keeps on improving the its operation with the continues innovation to keep up with the dynamism in the present era of production.*

**KEYWORDS**

Analysis of profitability, financial position.

**INTRODUCTION**

Tamil Nadu Newsprint & Papers Limited came into being with the occurrence of technological and socio-economic transformations in the Asian countries in the 18th –19th century. Manufacturing industries are the chief wealth producing sectors of an economy as they employ a huge share of the labor force and produce materials required by sectors of strategic importance such as national infrastructure and defense.

Analysis of financial statement attempts to determine the significant and meaning of financial statement data so that a forecast can be made of the prospect of the future earnings, ability to service debt both current and long term and profitability of a sound management policy.

The focus of financial analysis is pinpointing of the strengths and weaknesses of the business undertaking by making comparison of various components and examining its content which will enable financial manager as a basis to plan future financial requirements. Its through this that the business is able to meet the basic objectives of profit maximization and wealth maximization of the stakeholders.

**NATURE OF STATEMENT OF STUDY**

Finance being the core base of every business firm which necessitates the firm to run its business effectively and this has led to the point of analyzing the financial statement of TNPL so that to be in position to discover its profitability and financial position and forecast the future capacity of the company.

**OBJECTIVES OF STUDY**

- 1) To judge the financial performance of the Company.
- 2) To make inter-period comparisons and also highlight the trend in performance efficiency and financial position with the help of the comparative financial statement.
- 3) To determine the future potential of the Company with the help of the trend analysis.
- 4) To measure the utilization of various assets during the periods.
- 5) To indicate the relationship of various items with some common items (expressed as a percentage of the common item).

**TOOL (TECHNIQUES) OF FINANCIAL STATEMENT ANALYSIS**

- ❖ Comparative statement;
- ❖ Common size statement;
- ❖ Trend analysis.

**SCOPE OF STUDY**

The scope of study is limited to Tamil Nadu News Print and Papers Limited, Karur. The report is expected to provide sufficient information about the financial statements of Tamil Nadu News Print and Papers Limited so that to evaluate the past performance, present financial position, liquidity situation and give the future prospects of its operations. The main purpose of analysis of the financial statements of Tamil Nadu News Print and Papers Limited is to determine the present profitability and financial position of the Company and decide about its future prospects in terms of earning capacity and its operational efficiency.

**LIMITATIONS OF THE STUDY**

The following are the limitations of financial statement analysis of TNPL:

- ❖ The study of analysis and interpretation is applicable only to Tamil Nadu News Print and Papers Limited.
- ❖ The analysis is based on the historical data. The past cannot be the index of the future and cannot be percent basis of the future estimation, forecasting, budgeting and planning.
- ❖ It deals only with the financial statement of the Company.
- ❖ Limitation of time study to only five years i.e. 2004-2005 to 2008-2009. That does not give a wider scope for the analysis.
- ❖ The accuracy and reliability of analysis depends on the reliability of the figures derived from the financial statements or books of account.

**METHODOLOGY OF STUDY**

The methodology that is employed in the study of analysis of TNPL financial statement is secondary data. The secondary data was mainly collected from Annual reports, Interim records, Company journals, News papers, Company web site and Manuscripts

**PERIOD OF STUDY**

This study covers a period of five financial years from 2004-2005 to 2008-2009 consecutively.

**ANALYSIS AND INTERPRETATIONS****COMPARATIVE INCOME STATEMENT FOR YEAR ENDED MARCH 2005 TO MARCH 2006**

Particulars	Years		Increase(+) Or Decrease(-)	
	2004-2005 (In Rs. Cr)	2005-2006 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Income</b>				
Sales Turnover	771.11	886.97	115.86	15.03
Excise Duty	54.43	73.55	19.12	35.13
Net Sales	716.68	813.42	96.74	13.50
Other Income	11.93	13.86	1.93	16.18
Stock Adjustments	-14.1	-4.06	10.04	(71.21)
<b>Total Income</b>	<b>714.51</b>	<b>823.22</b>	<b>108.71</b>	<b>15.21</b>
<b>Expenditure</b>				
Raw Materials	245.38	278.86	33.48	13.64
Power & Fuel Cost	143.31	167.92	24.61	17.17
Employee Cost	53.51	51.6	-1.91	(3.57)
Other Manufacturing Expenses	40.61	41.33	0.72	1.77
Selling and Admin. Expenses	108.83	86.73	-22.1	(20.31)
Miscellaneous Expenses	5.59	7.45	1.86	33.27
<b>Total Expenses</b>	<b>597.23</b>	<b>633.89</b>	<b>36.66</b>	<b>6.14</b>
Operating Profit	105.35	175.47	70.12	66.56
<b>PBDIT</b>	<b>117.28</b>	<b>189.33</b>	<b>72.05</b>	<b>61.43</b>
Interest	16.21	20.29	4.08	25.17
<b>PBDT</b>	<b>101.07</b>	<b>169.04</b>	<b>67.97</b>	<b>67.25</b>
Depreciation	61.88	62.5	0.62	1.00
<b>Profit Before Tax</b>	<b>39.19</b>	<b>106.54</b>	<b>67.35</b>	<b>171.86</b>
Extra-ordinary items	-0.01	-2.35	-2.34	23,400.00
PBT (Post Extra-odd Items)	39.18	104.19	65.01	165.93
Tax	1.22	23.65	22.43	1,838.52
<b>Net Profit After Tax</b>	<b>37.95</b>	<b>80.55</b>	<b>42.6</b>	<b>112.25</b>

Source: Annual Reports of TNPL

**INTERPRETATION**

The comparative income statement of TNPL for the years 2004-2005 to 2005-2006 reveals that there was;

- ❖ An increase in the total income by 15.21%.
- ❖ An increase in total expenses by 6.14%.
- ❖ An increase in Net Profit after Tax by 112.25%.

This indicates that the profitability of the company was stable despite the increase in the total expenses.

**COMPARATIVE INCOME STATEMENT FOR YEAR ENDED MARCH 2006 TO MARCH 2007**

Particulars	Years		Increase(+) Or Decrease(-)	
	2005-2006 (In Rs. Cr)	2006-2007 (In Rs. Cr)	Amount(In Rs. Cr)	Percentage (%)
<b>Income</b>				
Sales Turnover	886.97	962.03	75.06	8.46
Excise Duty	73.55	65.64	-7.91	(10.75)
Net Sales	813.42	896.39	82.97	10.20
Other Income	13.86	13.57	-0.29	(2.09)
Stock Adjustments	-4.06	-5.28	-1.22	30.05
<b>Total Income</b>	<b>823.22</b>	<b>904.68</b>	<b>81.46</b>	<b>9.90</b>
<b>Expenditure</b>				
Raw Materials	278.86	293.79	14.93	5.35
Power & Fuel Cost	167.92	184.65	16.73	9.96
Employee Cost	51.6	63.78	12.18	23.60
Other Manufacturing Exp.	41.33	48.93	7.6	18.39
Selling and Admn. Exp.	86.73	88.2	1.47	1.69
Miscellaneous Expenses	7.45	10.77	3.32	44.56
<b>Total Expenses</b>	<b>633.89</b>	<b>690.12</b>	<b>56.23</b>	<b>8.87</b>
Operating Profit	175.47	200.99	25.52	14.54
<b>PBDIT</b>	<b>189.33</b>	<b>214.56</b>	<b>25.23</b>	<b>13.33</b>
Interest	20.29	20.52	0.23	1.13
<b>PBDT</b>	<b>169.04</b>	<b>194.04</b>	<b>25</b>	<b>14.79</b>
Depreciation	62.5	66.73	4.23	6.77
<b>Profit Before Tax</b>	<b>106.54</b>	<b>127.31</b>	<b>20.77</b>	<b>19.50</b>
Extra-ordinary items	-2.35	-3.02	-0.67	28.51
PBT (Post Extra-odd Items)	104.19	124.29	20.1	19.29
Tax	23.65	38.21	14.56	61.56
<b>Profit After Tax</b>	<b>80.55</b>	<b>86.06</b>	<b>5.51</b>	<b>6.84</b>

Source: Annual Reports of TNPL

**INTERPRETATION**

The comparative income statement of TNPL for the years 2005-2006 to 2006-2007 reveals that there was;

- ❖ An increase in the total income by 9.9%.
- ❖ An increase in the total expenses by 8.87%.
- ❖ An increase in the Net Profit after Tax by 6.84%.



This shows that the profitability position of the company was relatively good even though there was an increase in the total expenditure.

#### COMPARATIVE INCOME STATEMENT FOR YEAR ENDED MARCH 2007 TO MARCH 2008

Particulars	Years		Increase(+) Or Decrease(-)	
	2006-2007 (In Rs. Cr)	2007-2008 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Income</b>				
Sales Turnover	962.03	1,069.39	107.36	11.16
Excise Duty	65.64	81.95	16.31	24.85
Net Sales	896.39	987.44	91.05	10.16
Other Income	13.57	13.53	-0.04	(0.29)
Stock Adjustments	-5.28	0.2	5.48	(103.79)
<b>Total Income</b>	<b>904.68</b>	<b>1,001.17</b>	<b>96.49</b>	<b>10.67</b>
<b>Expenditure</b>				
Raw Materials	293.79	328.91	35.12	11.95
Power & Fuel Cost	184.65	194.47	9.82	5.32
Employee Cost	63.78	68.11	4.33	6.79
Other Manufacturing Expenses	48.93	46.98	-1.95	(3.99)
Selling and Admin Expenses	88.2	87.22	-0.98	(1.11)
Miscellaneous Expenses	10.77	12.84	2.07	19.22
<b>Total Expenses</b>	<b>690.12</b>	<b>738.53</b>	<b>48.41</b>	<b>7.01</b>
Operating Profit	200.99	249.11	48.12	23.94
<b>PBDIT</b>	<b>214.56</b>	<b>262.64</b>	<b>48.08</b>	<b>22.41</b>
Interest	20.52	23.91	3.39	16.52
<b>PBDT</b>	<b>194.04</b>	<b>238.73</b>	<b>44.69</b>	<b>23.03</b>
Depreciation	66.73	75.54	8.81	13.20
<b>Profit Before Tax</b>	<b>127.31</b>	<b>163.19</b>	<b>35.88</b>	<b>28.18</b>
Extra-ordinary items	-3.02	1.05	4.07	(134.77)
PBT (Post Extra-odd Items)	124.29	164.24	39.95	32.14
Tax	38.21	51.44	13.23	34.62
<b>Profit After Tax</b>	<b>86.06</b>	<b>112.83</b>	<b>26.77</b>	<b>31.11</b>

Source: Annual Reports of TNPL

#### INTERPRETATION

The comparative income statement of TNPL for the years 2006-2007 to 2007-2008 reveals that there was;

- ❖ An increase in the total income by 10.67%
- ❖ An increase in the total expenses by 7.01%
- ❖ An increase in the Net Profit After Tax by 31.11%

This indicates that the overall profitability of the company was relatively good despite the increase in the expenditure.

#### COMPARATIVE INCOME STATEMENT FOR YEAR ENDED MARCH 2008 TO MARCH 2009

Particulars	Years		Increase (+) Or Decrease (-)	
	2007-2008 (In Rs. Cr)	2008-2009 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Income</b>				
Sales Turnover	1,069.39	1,171.20	101.81	9.52
Excise Duty	81.95	53.11	-28.84	(35.19)
Net Sales	987.44	1,118.09	130.65	13.23
Other Income	13.53	4.86	-8.67	(64.08)
Stock Adjustments	0.2	5	4.80	2,400.00
<b>Total Income</b>	<b>1,001.17</b>	<b>1,127.95</b>	<b>126.78</b>	<b>12.66</b>
<b>Expenditure</b>				
Raw Materials	328.91	296.97	-31.94	(9.71)
Power & Fuel Cost	194.47	296.33	101.86	52.38
Employee Cost	68.11	81.41	13.30	19.53
Other Manufacturing Expenses	46.98	50.64	3.66	7.79
Selling and Admin Expenses	87.22	98.39	11.17	12.81
Miscellaneous Expenses	12.84	13.3	0.46	3.58
<b>Total Expenses</b>	<b>738.53</b>	<b>837.04</b>	<b>98.51</b>	<b>13.34</b>
Operating Profit	249.11	286.05	36.94	14.83
<b>PBDIT</b>	<b>262.64</b>	<b>290.91</b>	<b>28.27</b>	<b>10.76</b>
Interest	23.91	49.27	25.36	106.06
<b>PBDT</b>	<b>238.73</b>	<b>241.64</b>	<b>2.91</b>	<b>1.22</b>
Depreciation	75.54	100.8	25.26	33.44
<b>Profit Before Tax</b>	<b>163.19</b>	<b>140.84</b>	<b>-22.35</b>	<b>(13.70)</b>
Extra-ordinary items	1.05	9.95	8.90	847.62
PBT (Post Extra-odd Items)	164.24	150.79	-13.45	(8.19)
Tax	51.44	43.42	-8.02	(15.59)
<b>Profit After Tax</b>	<b>112.83</b>	<b>107.39</b>	<b>-5.44</b>	<b>(4.82)</b>

Source: Annual Reports of TNPL

#### INTERPRETATION

The comparative income statement of TNPL for the years 2007-2008 to 2008-2009 reveals that there was;

- ❖ An increase in the total income by 12.66%.
- ❖ An increase in total expenses by 13.34%.
- ❖ A decrease in Net Profit after Tax by 4.82%.

This indicates that during these periods the profitability position of the company was weak, attributed by the heavy expenditures incurred by the company.

## COMPARATIVE BALANCE SHEET FOR THE YEAR ENDED MARCH 2005 TO MARCH 2006

Particulars	Years		Increase (+) Or Decrease (-)	
	2004-2005 (In Rs. Cr)	2005-2006 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Sources Of Funds</b>				
Equity Share Capital	69.36	69.38	0.02	0.03
Reserves	396.07	453.14	57.07	14.41
<b>Net worth</b>	<b>465.43</b>	<b>522.52</b>	<b>57.09</b>	<b>12.27</b>
Secured Loans	157.95	224.29	66.34	42.00
Unsecured Loans	92.08	83.84	-8.24	(8.95)
<b>Total Debt</b>	<b>250.03</b>	<b>308.13</b>	<b>58.1</b>	<b>23.24</b>
<b>Total Liabilities</b>	<b>715.46</b>	<b>830.65</b>	<b>115.19</b>	<b>16.10</b>
<b>Application Of Funds</b>				
Gross Block	1,383.44	1,432.35	48.91	3.54
Less: Accum. Depreciation	665.64	729.96	64.32	9.66
<b>Net Block</b>	<b>717.8</b>	<b>702.39</b>	<b>-15.41</b>	<b>(2.15)</b>
Capital Work in Progress	11.05	115.13	104.08	941.90
Investments	1.14	1.14	0	-
Inventories	124.69	121.55	-3.14	(2.52)
Sundry Debtors	118.38	127.77	9.39	7.93
Cash and Bank Balance	12.23	19.42	7.19	58.79
<b>Total Current Assets</b>	<b>255.3</b>	<b>268.74</b>	<b>13.44</b>	<b>5.26</b>
Loans and Advances	137.06	133.18	-3.88	(2.83)
Fixed Deposits	1.37	0.79	-0.58	(42.34)
<b>Total CA, Loans &amp; Advances</b>	<b>393.73</b>	<b>402.71</b>	<b>8.98</b>	<b>2.28</b>
Current Liabilities	364.95	326.27	-38.68	(10.60)
Provisions	43.51	64.59	21.08	48.45
<b>Total CL &amp; Provisions</b>	<b>408.46</b>	<b>390.86</b>	<b>-17.6</b>	<b>(4.31)</b>
<b>Net Current Assets</b>	<b>-14.73</b>	<b>11.85</b>	<b>26.58</b>	<b>(180.45)</b>
Miscellaneous Expenses	0.2	0.13	-0.07	(35.00)
<b>Total Assets</b>	<b>715.46</b>	<b>830.65</b>	<b>115.19</b>	<b>16.10</b>

Source: Annual Reports of TNPL

## INTERPRETATION

The comparative balance sheet of TNPL for the years 2004-2005 to 2005-2006 reveals that there was;

- ❖ A decrease in the net block (fixed assets) by 2.15%
- ❖ An increase in the Net current Assets by Rs. 26.58 crores which means that the rise in the total debt was meant to finance the current assets of the company
- ❖ An increase in the Net worth of the company by 12.27%, this shows that the company had employed a conservative dividend policy i.e. an increase in the amount of reserves by 14.41%.

Thus the financial position of the company was relatively good even though there was decrease in the Net Block of the company during the two financial years.

## COMPARATIVE BALANCE SHEET FOR THE YEARS MARCH 2006 TO MARCH 2007

Particulars	Years		Increase (+) Or Decrease (-)	
	2005-2006 (In Rs. Cr)	2006-2007 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Sources Of Funds</b>				
Equity Share Capital	69.38	69.38	0	-
Reserves	453.14	507.12	53.98	11.91
<b>Net worth</b>	<b>522.52</b>	<b>576.5</b>	<b>53.98</b>	<b>10.33</b>
Secured Loans	224.29	495.86	271.57	121.08
Unsecured Loans	83.84	63.53	-20.31	(24.22)
<b>Total Debt</b>	<b>308.13</b>	<b>559.39</b>	<b>251.26</b>	<b>81.54</b>
<b>Total Liabilities</b>	<b>830.65</b>	<b>1,135.89</b>	<b>305.24</b>	<b>36.75</b>
<b>Application Of Funds</b>				
Gross Block	1,432.35	1,514.36	82.01	5.73
Less: Accum. Depreciation	729.96	795.94	65.98	9.04
<b>Net Block</b>	<b>702.39</b>	<b>718.42</b>	<b>16.03</b>	<b>2.28</b>
Capital Work in Progress	115.13	459.52	344.39	299.13
Investments	1.14	1.14	0	-
Inventories	121.55	156.38	34.83	28.65
Sundry Debtors	127.77	105.33	-22.44	(17.56)
Cash and Bank Balance	19.42	18.44	-0.98	(5.05)
<b>Total Current Assets</b>	<b>268.74</b>	<b>280.15</b>	<b>11.41</b>	<b>4.25</b>
Loans and Advances	133.18	95.86	-37.32	(28.02)
Fixed Deposits	0.79	0.56	-0.23	(29.11)
<b>Total CA, Loans &amp; Advances</b>	<b>402.71</b>	<b>376.57</b>	<b>-26.14</b>	<b>(6.49)</b>
Current Liabilities	326.27	370.06	43.79	13.42
Provisions	64.59	49.77	-14.82	(22.94)
<b>Total CL &amp; Provisions</b>	<b>390.86</b>	<b>419.83</b>	<b>28.97</b>	<b>7.41</b>
<b>Net Current Assets</b>	<b>11.85</b>	<b>-43.26</b>	<b>-55.11</b>	<b>(465.06)</b>
Miscellaneous Expenses	0.13	0.07	-0.06	(46.15)
<b>Total Assets</b>	<b>830.65</b>	<b>1135.89</b>	<b>305.24</b>	<b>36.75</b>

Source: Annual Reports of TNPL

**INTERPRETATION**

The comparative balance sheet of TNPL for the years 2005-2006 to 2006-2007 reveals that there was;

- ❖ There was an increase in the Net Block (Net Fixed Assets) by 2.28%, which indicates that there was more investment in the Assets.
- ❖ There was an increase in the Total debt by 81.54% which possibly was used to fund the Fixed Assets investment.
- ❖ There was a negative Net Current Assets of 465.06%.
- ❖ There was an increase in the Net Worth by 10.33%, which is due to an increase in the reserves (i.e. 11.91%).

This indicates that the financial position of the company was not all that good due to negative Net Current Assets even though the Company showed an increase in the net worth which might be utilized to fund the working capital of the company.

**COMPARATIVE BALANCE SHEET FOR THE YEARS MARCH 2007 TO MARCH 2008**

Particulars	Years		Increase (+) Or Decrease (-)	
	2006-2007 (In Rs. Cr)	2007-2008 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Sources of Funds</b>				
Equity Share Capital	69.38	69.38	0	-
Reserves	507.12	570.63	63.51	12.52
Revaluation Reserves	0	0	0	-
<b>Net worth</b>	<b>576.5</b>	<b>640.01</b>	<b>63.51</b>	<b>11.02</b>
Secured Loans	495.86	488.06	-7.8	(1.57)
Unsecured Loans	63.53	64.38	0.85	1.34
<b>Total Debt</b>	<b>559.39</b>	<b>552.44</b>	<b>-6.95</b>	<b>(1.24)</b>
<b>Total Liabilities</b>	<b>1,135.89</b>	<b>1,192.45</b>	<b>56.56</b>	<b>4.98</b>
<b>Application Of Funds</b>				
Gross Block	1,514.36	1,860.91	346.55	22.88
Less: Accum. Depreciation	795.94	865	72.06	9.05
<b>Net Block</b>	<b>718.42</b>	<b>992.91</b>	<b>274.49</b>	<b>38.21</b>
Capital Work in Progress	459.52	290.7	-168.82	(36.74)
Investments	1.14	17.15	16.01	1,404.39
Inventories	156.38	147.26	-9.12	(5.83)
Sundry Debtors	105.33	98.56	-6.77	(6.43)
Cash and Bank Balance	18.44	22.63	4.19	22.72
Total Current Assets	280.15	268.45	-11.7	(4.18)
Loans and Advances	95.86	156.23	60.37	62.98
Fixed Deposits	0.56	0.41	-0.15	(26.79)
<b>Total CA, Loans &amp; Advances</b>	<b>376.57</b>	<b>425.09</b>	<b>48.52</b>	<b>12.88</b>
Current Liabilities	370.06	457.45	87.39	23.62
Provisions	49.77	75.97	26.2	52.64
<b>Total CL &amp; Provisions</b>	<b>419.83</b>	<b>533.42</b>	<b>113.59</b>	<b>27.06</b>
<b>Net Current Assets</b>	<b>-43.26</b>	<b>-108.33</b>	<b>-65.07</b>	<b>150.42</b>
Miscellaneous Expenses	0.07	0	-0.07	(100.00)
<b>Total Assets</b>	<b>1135.89</b>	<b>1192.45</b>	<b>56.56</b>	<b>4.98</b>

Source: Annual Reports of TNPL

**INTERPRETATION**

The comparative balance sheet of TNPL for the years 2006-2007 to 2007-2008 reveals that there was;

- ❖ There was an increase in the Net Block (Net Fixed Assets) by 38.21%, which indicates that there was additional investment in the Assets of the Company.
- ❖ There was a decrease in the Total Debt by 1.24%, which indicates that rate of borrowing has declined.
- ❖ There was a decrease in Net Current Assets by 150.42%, this indicates that liquidity financing of the Current Assets has reduced greatly.
- ❖ There was an increase in the Net worth of the Company by 11.02%, which was due to an increment in the reserves (i.e. 12.52) of the Company in the two financial years.

Thus it indicates that the financial position of the company was good though there was negative Net Current Assets of the company which might cause liquidity problem but it can be financed from company reserves.

## COMPARATIVE BALANCE SHEET FOR THE YEARS MARCH 2008 TO MARCH 2009

Particulars	Years		Increase (+) Decrease (-)	
	2007-2008 (In Rs. Cr)	2008-2009 (In Rs. Cr)	Amount (In Rs. Cr)	Percentage (%)
<b>Sources Of Funds</b>				
Equity Share Capital	69.38	69.38	0	-
Reserves	570.63	594.94	24.31	4.26
Revaluation Reserves	0	0	0	-
<b>Net worth</b>	<b>640.01</b>	<b>664.32</b>	<b>24.31</b>	<b>3.80</b>
Secured Loans	488.06	685.04	196.98	40.36
Unsecured Loans	64.38	121.41	57.03	88.58
<b>Total Debt</b>	<b>552.44</b>	<b>806.45</b>	<b>254.01</b>	<b>45.98</b>
<b>Total Liabilities</b>	<b>1,192.45</b>	<b>1,470.77</b>	<b>278.32</b>	<b>23.34</b>
<b>Application Of Funds</b>				
Gross Block	1,860.91	2,177.20	316.29	17.00
Less: Accum. Depreciation	868	955.94	87.94	10.13
<b>Net Block</b>	<b>992.91</b>	<b>1,221.26</b>	<b>228.35</b>	<b>23.00</b>
Capital Work in Progress	290.7	262.7	-28	(9.63)
Investments	17.15	1.14	-16.01	(93.35)
Inventories	147.26	196.39	49.13	33.36
Sundry Debtors	98.56	169.74	71.18	72.22
Cash and Bank Balance	22.63	17.57	-5.06	(22.36)
Total Current Assets	268.45	383.7	115.25	42.93
Loans and Advances	156.23	166.38	10.15	6.50
Fixed Deposits	0.41	0.1	-0.31	(75.61)
<b>Total CA, Loans &amp; Advances</b>	<b>425.09</b>	<b>550.18</b>	<b>125.09</b>	<b>29.43</b>
Current Liabilities	457.45	463.6	6.15	1.34
Provisions	75.97	100.91	24.94	32.83
<b>Total CL &amp; Provisions</b>	<b>533.42</b>	<b>564.51</b>	<b>31.09</b>	<b>5.83</b>
<b>Net Current Assets</b>	<b>-108.33</b>	<b>-14.33</b>	<b>94</b>	<b>(86.77)</b>
<b>Total Assets</b>	<b>1192.45</b>	<b>1470.77</b>	<b>278.32</b>	<b>23.34</b>

Source: Annual Reports of TNPL

## INTERPRETATION

The comparative balance sheet of TNPL for the years 2007-2008 to 2008-2009 reveals that there was;

- ❖ There was an increase in the Net Block (Net Fixed Assets) by 23% (Rs.228.35 crores), which indicates that there was additional investment in the Fixed assets.
- ❖ There was an increase in the Total Debt of the Company by 45.98%, which indicate an increase in the external borrowing to finance the operation of the company.
- ❖ There was improvement in the Net Current Assets by 86.77%.
- ❖ There was an increase in the Net worth by 3.8% which is attributed by the increase in the reserves of Company.

This indicates that the financial position of the company was promising, though there was an increase in external borrowing.

## COMMON SIZE INCOME STATEMENT FOR THE YEARS ENDED MAR. 2005 TO MAR. 2009

Particulars	Trend Percentage (%)				
	Mar '05	Mar '06	Mar '07	Mar '08	Mar '09
<b>Income</b>					
Net Sales	100.00	100.00	100.00	100.00	100.00
Other Income	1.66	1.70	1.51	1.37	0.43
Stock Adjustments	(1.97)	(0.50)	(0.59)	0.02	0.45
<b>Total Income</b>	<b>1.00</b>	<b>1.01</b>	<b>1.01</b>	<b>1.01</b>	<b>1.01</b>
<b>Expenditure</b>					
Raw Materials	34.24	34.28	32.77	33.31	26.56
Power & Fuel Cost	20.00	20.64	20.60	19.69	26.50
Employee Cost	7.47	6.34	7.12	6.90	7.28
Other Manufacturing Exp.	5.67	5.08	5.46	4.76	4.53
Selling and Admin. Exp.	0.15	0.11	0.10	0.09	0.09
Miscellaneous Expenses	0.78	0.92	1.20	1.30	1.19
<b>Total Expenses</b>	<b>83.33</b>	<b>77.93</b>	<b>76.99</b>	<b>74.79</b>	<b>74.86</b>
Operating Profit	14.70	21.57	22.42	25.23	25.58
<b>PBDIT</b>	<b>16.36</b>	<b>23.28</b>	<b>23.94</b>	<b>26.60</b>	<b>26.02</b>
Interest	2.26	2.49	2.29	2.42	4.41
<b>PBDT</b>	<b>14.10</b>	<b>20.78</b>	<b>21.65</b>	<b>24.18</b>	<b>21.61</b>
Depreciation	8.63	7.68	7.44	7.65	9.02
<b>Profit Before Tax</b>	<b>5.47</b>	<b>13.10</b>	<b>14.20</b>	<b>16.53</b>	<b>12.60</b>
Extra-ordinary items	(0.00)	(0.29)	(0.34)	0.11	0.89
PBT (Post Extra-odd Items)	5.47	12.81	13.87	16.63	13.49
Tax	0.17	2.91	4.26	5.21	3.88
<b>Net Profit After Tax</b>	<b>5.30</b>	<b>9.90</b>	<b>9.60</b>	<b>11.43</b>	<b>9.60</b>

Source: Annual Reports of TNPL

## INTERPRETATION

The common size statement of TNPL for the years 2004-2005 to 2008-2009 reveals that;

- ❖ There was a steady growth of the Total Income of the Company, though there was constant trend as expressed in the common item i.e. net sales.

- ❖ The Net Profit after Tax showed volatility throughout the period of study, despite growth in the total income of the Company.
  - ❖ The total expenses were on an increase throughout the period and yet it showed a diminishing trend after year 2004-2005.
- Thus it indicates that the profitability of the Company was not promising due to fluctuations in its Net profits after tax.

**COMMON SIZE BALANCE SHEET FOR THE YEARS ENDED MAR. 2005 TO MAR. 2009**

In Rs. Cr.

Particulars	Percentage				
	Mar '05	Mar '06	Mar '07	Mar '08	Mar '09
<b>Sources Of Funds</b>					
Equity Share Capital	9.69	8.35	6.11	5.82	4.72
Reserves	55.36	54.55	44.65	47.85	40.45
<b>Net worth</b>	<b>65.05</b>	<b>62.9</b>	<b>50.75</b>	<b>53.67</b>	<b>45.17</b>
Secured Loans	22.08	27	43.65	40.93	46.58
Unsecured Loans	12.87	10.09	5.59	5.4	8.25
Total Debt	34.95	37.1	49.25	46.33	54.83
<b>Total Liabilities</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Application Of Funds</b>					
Gross Block	193.36	172.44	133.32	156.06	148.03
Less: Accum. Depreciation	93.04	87.88	70.07	72.79	65
<b>Net Block</b>	<b>100.33</b>	<b>84.56</b>	<b>63.25</b>	<b>83.27</b>	<b>83.04</b>
Capital Work in Progress	1.54	13.86	40.45	24.38	17.86
Investments	0.16	0.14	0.1	1.44	0.08
Inventories	17.43	14.63	13.77	12.35	13.35
Sundry Debtors	16.55	15.38	9.27	8.27	11.54
Cash and Bank Balance	1.71	2.34	1.62	1.9	1.19
<b>Total Current Assets</b>	<b>35.68</b>	<b>32.35</b>	<b>24.66</b>	<b>22.51</b>	<b>26.09</b>
Loans and Advances	19.16	16.03	8.44	13.1	11.31
Fixed Deposits	0.19	0.1	0.05	0.03	0.01
Total CA, Loans & Advances	55.03	48.48	33.15	35.65	37.41
<b>Current Liabilities</b>	<b>51.01</b>	<b>39.28</b>	<b>32.58</b>	<b>38.36</b>	<b>31.52</b>
Provisions	6.08	7.78	4.38	6.37	6.86
Total CL & Provisions	57.09	47.05	36.96	44.73	38.38
<b>Net Current Assets</b>	<b>-2.06</b>	<b>1.43</b>	<b>-3.81</b>	<b>-9.08</b>	<b>-0.97</b>
Miscellaneous Expenses	0.03	0.02	0.01	-	-
<b>Total Assets</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Annual Reports of TNPL

**INTERPRETATION**

The common size Balance Sheet of TNPL for the years between 2004 -2005 and 2008-2009 indicate that;

- 1) Net current Assets of 2005-2006 showed a positive figure of 1.43% as compared to the rest of the years which were negative.
  - 2) There was steady growth in the total debt of the Company which shows that the Company relied on the external source of funding its operations.
  - 3) There was a steady growth in the Net worth of the Company though it showed declining trend.
  - 4) There was new investment that was done in the year 2007-2008 of Rs. 17.15 crores despite constant investment of Rs. 1.14 crores in the rest of the years.
- The Company's liquidity position was not good though it showed positive performance in the year 2005-2006 because it relies heavily in external borrowing.

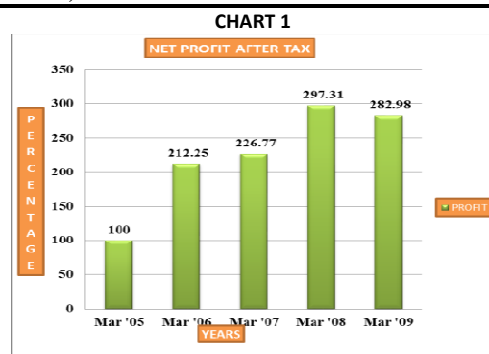
**TREND INCOME STATEMENT FOR YEARS MAR. 20005 TO MAR. 2009**

In Rs. Cr.

Particulars	Trend Percentage ( % )				
	Mar '05	Mar '06	Mar '07	Mar '08	Mar '09
<b>Income</b>					
Sales Turnover	100	115.03	124.76	138.68	151.88
Excise Duty	100	135.13	120.6	150.56	97.57
Net Sales	100	113.5	125.08	137.78	156.01
Other Income	100	116.18	113.75	113.41	40.74
Stock Adjustments	100	28.79	37.45	-1.42	-35.46
<b>Total Income</b>	<b>100</b>	<b>115.21</b>	<b>126.62</b>	<b>140.12</b>	<b>157.86</b>
<b>Expenditure</b>					
Raw Materials	100	113.64	119.73	134.04	121.02
Power & Fuel Cost	100	117.17	128.85	135.7	206.78
Employee Cost	100	96.43	119.19	127.28	152.14
Other Manufacturing Expenses	100	101.77	120.49	115.69	124.7
Selling and Admin Expenses	100	79.69	81.04	80.14	90.41
Miscellaneous Expenses	100	133.27	192.67	229.7	237.92
<b>Total Expenses</b>	<b>100</b>	<b>106.14</b>	<b>115.55</b>	<b>123.66</b>	<b>140.15</b>
Operating Profit	100	166.56	190.78	236.46	271.52
PBDIT	100	161.43	182.95	223.94	248.05
Interest	100	125.17	126.59	147.5	303.95
PBDT	100	167.25	191.99	236.2	239.08
Depreciation	100	101	107.84	122.07	162.9
<b>Profit Before Tax</b>	<b>100</b>	<b>271.86</b>	<b>324.85</b>	<b>416.41</b>	<b>359.38</b>
Extra-ordinary items	100	23,500.00	30,200.00	(10,500.00)	(99,500.00)
PBT (Post Extra-odd Items)	100	265.93	317.23	419.19	384.86
Tax	100	1,938.52	3,131.97	4,216.39	3,559.02
<b>Profit After Tax</b>	<b>100</b>	<b>212.25</b>	<b>226.77</b>	<b>297.31</b>	<b>282.98</b>

Source: Annual Reports of TNPL



**INTERPRETATION**

The trend income statement of TNPL for the periods 2004-2005 to 2008-2009 reveals that there was;

- ❖ Steady increasing trend in the Total Income which was attributed by the steady growth of net sales of the Company.
- ❖ Steady increasing trend in the total expenses of the company
- ❖ Growth in Net Profit After Tax over and above base year (100%) for the first four years which was followed by a decreasing trend in the year 2008-2009 by 14.33% from the previous year's percentage. Year 2007-2008 had the highest percentage trend of 297.31%.

This indicates that profit reduction of the company was due to the steady growth the total expenses involved during that financial year which might have affected its profitability.

**TREND BALANCE SHEET FOR THE YEARS ENDED MAR. 2005 TO MAR. 2009**

In Rs. Cr.

Particulars	Trend Percentage (%)				
Particulars	Mar '05	Mar '06	Mar '07	Mar '08	Mar '09
<b>Source of Funds</b>					
Equity Share Capital	100	100.03	100.03	100.03	100.03
Reserves	100	114.41	128.04	144.07	150.21
<b>Net worth</b>	<b>100</b>	<b>112.27</b>	<b>123.86</b>	<b>137.51</b>	<b>142.73</b>
Secured Loans	100	142	313.93	309	433.71
Unsecured Loans	100	91.05	68.99	69.92	131.85
<b>Total Debt</b>	<b>100</b>	<b>123.24</b>	<b>223.73</b>	<b>220.95</b>	<b>322.54</b>
<b>Total Liabilities</b>	<b>100</b>	<b>116.1</b>	<b>158.76</b>	<b>166.67</b>	<b>205.57</b>
<b>Application Of Funds</b>					
Gross Block	100	103.54	109.46	134.51	157.38
Less: Accum. Depreciation	100	109.66	119.58	130.4	143.61
<b>Net Block</b>	<b>100</b>	<b>97.85</b>	<b>100.09</b>	<b>138.33</b>	<b>170.14</b>
Capital Work in Progress	100	1,041.90	4,158.55	2,630.77	2,377.38
Investments	100	100	100	1,504.39	100
Inventories	100	97.48	125.42	118.1	157.5
Sundry Debtors	100	107.93	88.98	83.26	143.39
Cash and Bank Balance	100	158.79	150.78	185.04	143.66
<b>Total Current Assets</b>	<b>100</b>	<b>105.26</b>	<b>109.73</b>	<b>105.15</b>	<b>150.29</b>
Loans and Advances	100	97.17	69.94	113.99	121.39
Fixed Deposits	100	57.66	40.88	29.93	7.3
<b>Total CA, Loans &amp; Advances</b>	<b>100</b>	<b>102.28</b>	<b>95.64</b>	<b>107.96</b>	<b>139.74</b>
<b>Current Liabilities</b>	<b>100</b>	<b>89.4</b>	<b>101.4</b>	<b>125.35</b>	<b>127.03</b>
Provisions	100	148.45	114.39	174.6	231.92
<b>Total CL &amp; Provisions</b>	<b>100</b>	<b>95.69</b>	<b>102.78</b>	<b>130.59</b>	<b>138.2</b>
<b>Net Current Assets</b>	<b>100</b>	<b>-80.45</b>	<b>293.69</b>	<b>735.44</b>	<b>97.28</b>
Miscellaneous Expenses	100	65	35	-	-
<b>Total Assets</b>	<b>100</b>	<b>116.1</b>	<b>158.76</b>	<b>166.67</b>	<b>205.57</b>

Source: Annual Reports of TNPL

**INTERPRETATIONS**

The trend analysis balance sheet of TNPL for the period of 2004-2005 to 2008-2009 reveals that;

- There was a drop in the Net block trend in the year 2005-2006 by 2.15% and thereafter there was a steady increase in the Net block over and above that of the base year (100%).
- The Net Current Assets trend were not that stable i.e. there was a decline in the year 2005-2006 then followed by an increase trend for the years 2006-2007 and 2007-2008 and later 2008-2009 had a decline in the trend.
- There was a steady growth trend in the Net worth of the company this was due to growth in the reserve of the company.
- There was a constant trend in the debt borrowing for the two financial years following the base year and later it showed growth trend in the years followed, year 2008-2009 recording the highest percentage trend in growth rate.

This indicates that the financial position of the Company was relatively stable though there could be problems with the liquidity of the company which can be financed by the reserves.

## FINDINGS

Perusing through the various reports and the analysis of financial statements of TNPL for the years March 2005 to March 2009 have revealed the following findings:

- ❖ Comparative income statements showed that there was an increase in the total income in every financial years, 2008-2009 being the leading growth of 12.66% than the rest which is attributed by the increase in the sales steadily, though there was increase in the total expenses which may be regarded to have been minimal toward selling efforts of the products of the Company.
  - ❖ Comparative income statements also showed that there was an increase in the net profit after tax in every financial year, except the year 2008-2009 by (4.82%).
  - ❖ Comparative Balance sheet showed that Net Current Assets were on an increase in the year 2004-2005 followed by decrease in the in the rest of the years though there was a negative increase in year 2008-2009. Net Block showed an increase in the years except the year 2004-2005 which had a decrease of 2.15%.
  - ❖ The Net worth of the company had a favorable increase in all the years which is due to increase in the reserves. The total debt had an increase throughout the years except the year 2007-2008 which had a decline of 1.24%.
  - ❖ Common size income statement had varied trend in the total income and yet there was a steady increase in the total income. Net profit showed volatility trend throughout the period even though the total income was on an increase.
  - ❖ The common size balance sheet, showed the variability of the Net current assets negatively though in the year 2005-2006 had a positive increase of 1.43%.
- The Net worth had a diminishing trend except the year 2007-2008 which showed a slight increase of 53.67%.
- ❖ There was a steady increasing trend in the side of the total Debt.
  - ❖ The trend analysis shows that the Company had a steady increasing trend in the net sales which is attributed to steady growth in the total income of the company, though the total expenses was on an increase. This reveals that the expenses at minimal rate.
  - ❖ Growth in Net Profit After Tax over and above 100% after the base year for the first four years which was followed by a decrease in the year 2008-2009 by 14.33% from the previous year's percentage. Year 2007-2008 had the highest percentage of 297.31%. This indicates that the profitability of the company was favourable.
  - ❖ There was a drop in the Net block trend in the year 2005-2006 by 2.15% and thereafter there was a steady increase in the Net block over and above that of the base year (100%). It's evident that the investment is on optimum level so that to maximum effectively the installed capacity.
  - ❖ The Net Current Assets trend were not that stable i.e. there was a decline in the year 2005-2006 then followed by an increase trend for the years 2006-2007 and 2007-2008 and later 2008-2009 had a decline in the trend.
  - ❖ There was a steady growth trend in the Net worth of the company this was due to growth in the reserve of the company.
  - ❖ There was a constant trend in the debt borrowing for the two financial years following the base year later there was a growth in the following years, 2008-2009 recording the highest percentage in growth rate.

## SUGGESTIONS

The management of TNPL should take the necessary steps to maintain the rapid growth of sale in future as this will keep the company at the better position than the stagnant growth as its increase will lead to future growth in the profits of the Company. Hence the investors will be attracted to such size and growth in the sales because large companies like TNPL will be in position to withstand business cycle.

Sales alone do not increase the earning capacity of the company but costs and other expenses also influence earning. Thus the company should ensure that the total cost is minimal in future in order to sustain its growth.

The company should try to maintain high operating efficiency with low break-even point to earn more than companies with high break-even point. Efficiency in the use of the fixed assets with raw materials, labor and management would lead to more income in its future operations.

The company should seek to address the negative net current assets have been eliminated so that to improve the future liquidity of the company so that it can be in the position to meet its working capital needs.

The management should address the issue of external financing such that it should reduce the debt and cost borrowing. If the company can be in position to earn more on borrowed fund than it can pay for it, the company will come out a head provided that it borrowed within prudent limit.

## CONCLUSION

Based on the analysis on financial statements of TNPL for the period of five years (2004-2005 to 2008-2009), the financial performance i.e. profitability, solvency and liquidity position was so impressive growing. Its financial position was also good, since there was appreciation of the reserves of the company which led to growth in the Net worth of the shareholders. Thus the overall performance of the company was remarkably good which indicates a future growth of financial position as well as its profitability.

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