

# **A STUDY ON FINANCIAL PLANING ANDFORECASTINGWITH REFERENCE TO V FARM PLANTS SCIENCES PRIVATE LIMITED**

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## **Abstract:**

*Financial planning and forecasting represents a blueprint of what a firm proposes to do in the future. So naturally planning over such horizon trends to be fairly in aggressive terms. While there are considerable variations in the scope, degree of formality and level of sophistication in financial planning across firms, we need to focus on common elements which include economic assumptions, sales forecast, pro forma statement, asset requirement and the mode of financing the investments.*

***Keywords: financial planning, forecasting, assest requirements, etc.***

## **INTRODUCTION**

A Financial Forecast is normally an estimate of future financial outcome for a company or country (for future and currency markets). Using historical internal sales data, in addition to external market and company in financial terms over a given time period which is usually one year.

Arguably the most difficult aspects of preparing a financial forecast is predicting revenue. Future costs can be estimated by using historical accounting data variable costs are also a functions of sales.

## **REVIEW OF LITERATURE**

The various studies were referred in order to have a clear result. The following are few references which were of real help for undertaking the research work. They are as follow

**C.Kamalakaran(2017),STUDY ON FINANCIAL FORECASTING** report on financial performance of Cora mental Cements was referred to get information about assets utilization of the bank.

**THENMOZHI (2017) A STUDY ON FINANCIAL FORECASTING** Compared Eva with some or other traditional measure of corporate performance viz., ROI, EPS, RONW, some of shortcoming of a concept of EVA but used by maintain that is better measure of corporate performance .

**Sankar( 2017)** A study on working capital management is Aringar Anna Sugar Mills, Thanjavur Sankar (2017 April) was referred to know the various working capital Management scheme adopted by the research in his work which was useful to carry the working of schedule change in working capital management.

## **OBJECTIVES OF THE STUDY**

- To study the financial planning at V FARM PLANTS SCIENCES PRIVATE LIMITED
- To know the forecasting of V FARM PLANTS during the past five years.
- To identify the areas of improvements required to strength the planning and forecasting of V Farm Plants.
- To identify in the financial strength and weakness of the company.
- To Study the financial position of the company

## **SCOPE OF THE STUDY**

The study could be instrumental for the company to identify some of the areas where tile attention has to be paid and also the study help the company to take remedial measures in the areas in which is lacking.

- This study also attempts to analysis the financial performance of v farm plants sciences private limited

The company authorities can use this evaluation its performance in future and by keeping the study as base this can extend in different approaches also.

**V FARM PLANTS SCIENCES PRIVATE LIMITED** is a private limited company aimed at providing solutions, products and support to organic farming community.

Organic farming is the only sustainable way of growing food in the long run. While chemicals based green revolutions ensured food security for India, in few decades, it has instilled massive poisonous elements in the food chin causing diseases, deformities and soil erosion.

Besides active government support, farming community needs proper information, support and effective products that provide better tasting, high yield produce.

**V FARM PLANTS SCIENCES PRIVATE LIMITED** is a producer company works with rural and urban poor engaged in agriculture and food sector. The team comprises of formers (PRODUCER) motivated to use the technologies and skills to address the issues of poverty by working with the farmers at the grassroots. While working towards enabling the poor and under-privileged mass of the farming society.

**V FARM PLANTS SCIENCES PRIVATE LIMITED** was thus registered on 2<sup>nd</sup> July 2012

The company has broadcasting “UNNAL MUDIYUM THOZHA” motivational and success sharing all India Radio for more than 282 weeks from September 2013 onwards till now on every Friday morning 06.30-06.45 am in Trichy All India Radio 936MHz and Coimbatore All India Radio 999MHz.

As a result the company has now been able to successfully provide input services to nearly 5000 farmers in major delta districts of Tamil Nadu state (Perambalur, Thiruchirapalli, Tiruvarur, Nagapattinam and Karur).

#### **DATA INTERPRETATION**

**CURRENT RATIO** :It is ratio of current assets to current liabilities. It shows the firm to cover its liabilities with the current assets, the ratio to ascertain as formula.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Table :1

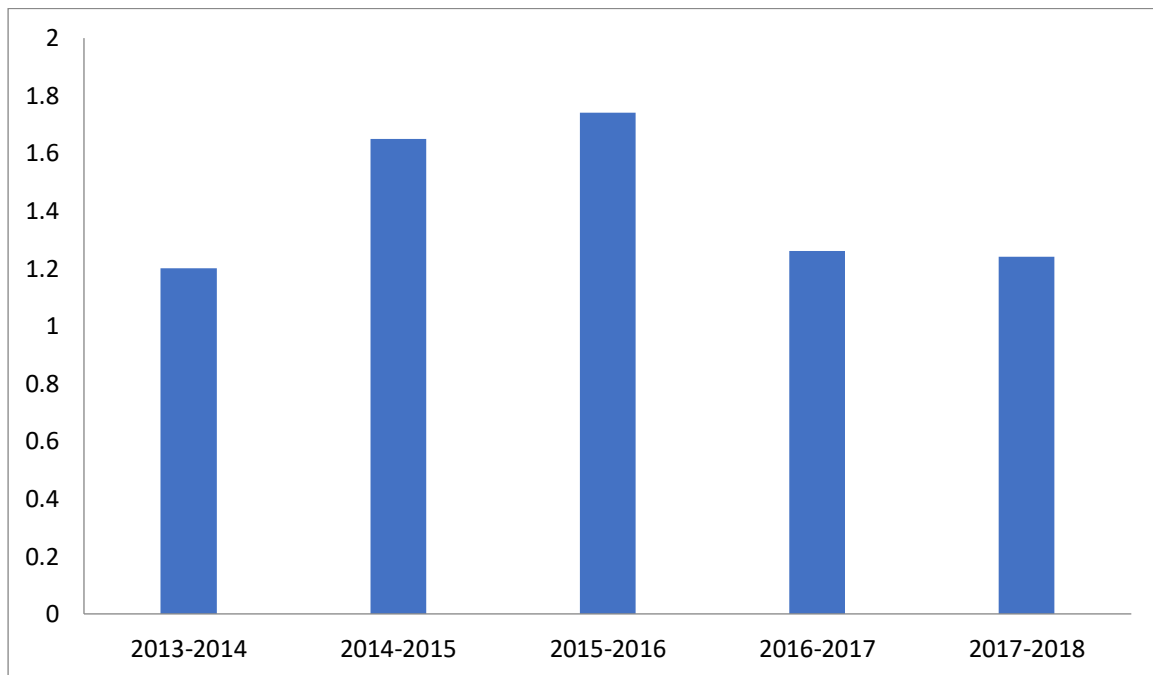
<b>YEAR</b>	<b>CURRENT ASSETS</b>	<b>CURRENT LIABILITY</b>	<b>RATIO</b>
2013-2014	795627	658184	1.20
2014-2015	586036	354883	1.65
2015-2016	700499	401596	1.74
2016-2017	1625579	128346	1.26
2017-2018	2412402	1937302	1.24

## INTERPRETATION

From the above shows the calculation of current ratio during the year 2013-2014 the value was 1.20. But during the year 2014-2015 the value was 1.65. Similarly 2015-2016 the value was 1.764.

**Figure:1**

### CURRENT RATIO



**NET PROFIT RATIO** This ratio measures the relationship between net profit and net sales. It indicates the efficiency of the overall of the firm. It shows what percentage of sales is left to the ratio year after is an indication of improving working and vice versa.

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

**TABLE:2**

YEAR	NET PROFIT	SALES	RATIO
2013-2014	67052	5296720	0.0126
2014-2015	90419	7743590	1.16
2015-2016	77877	6709205	1.16

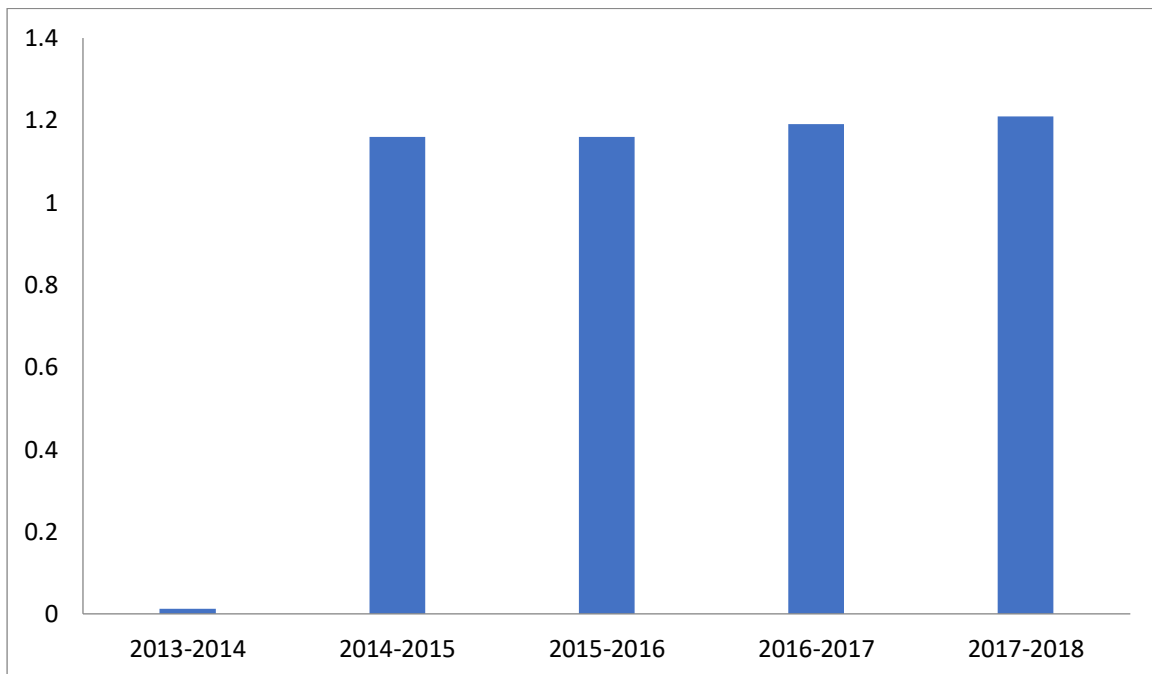
2016-2017	104117	8712510	1.19
2017-2018	122100	10056668	1.21

## INTERPRETATION

From the above table shows the calculation of absolute liquid ratio during the year 2013-2014 the value was 0.0126. But during the year 2014-2015 the value was 1.16. Similarly 2017-2018 the value was 1.21.

## CHART: 2

### NET PROFIT RATIO



## RETURN ON TOTAL ASSETS

This ratio is also known as “the profit to assets ratio”. It is calculated to measure the productivity of total assets. It can be calculated in two ways as given below

$$\text{Return on total Assets} = \frac{\text{Net Profit after Tax}}{\text{Total Assets}} \times 100$$

**TABLE3**

YEAR	NET PROFIT AFTER TAX	TOTAL ASSETS	RATIO
2013-2014	67052	825236	8.12

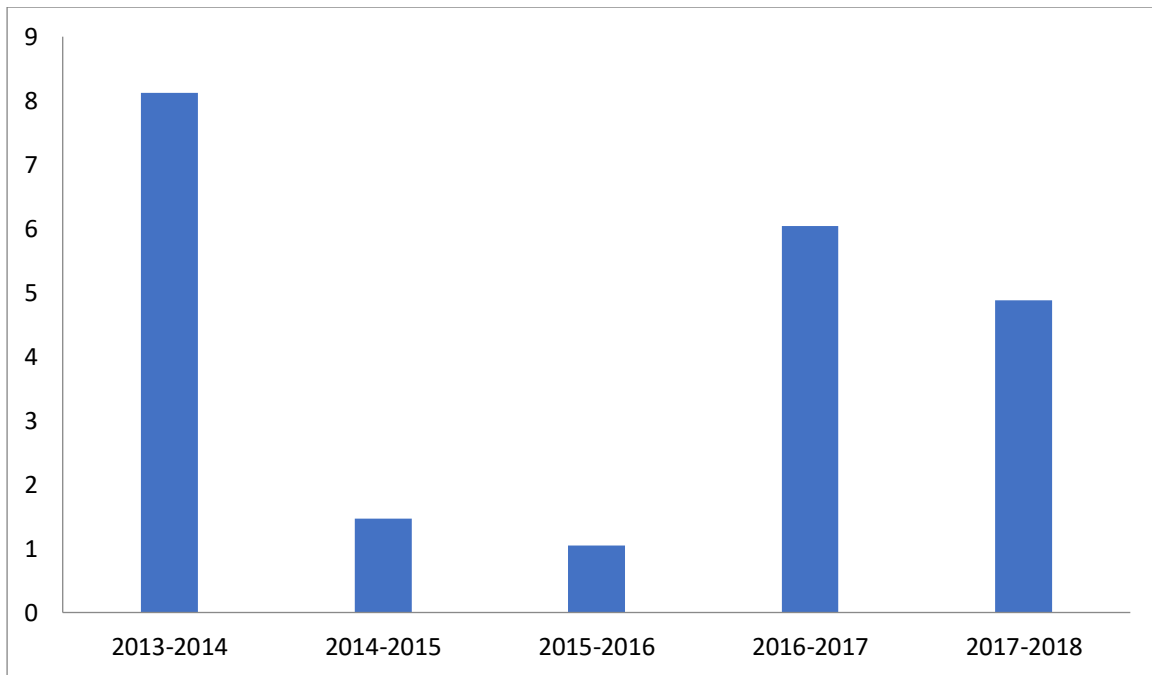
2014-2015	90419	612354	1.47
2015-2016	77877	736944	1.05
2016-2017	10117	1722928	6.04
2017-2018	122100	2498867	4.88

## **INTERPRETATION**

From the above table shows the calculation of absolute liquid ratio during the year 2013-2014 the value was 8.12. But during the year 2014-2015 the value was 1.47. Similarly 2017-2018 the value was 4.88.

## **CHART: 3**

### **RETURN ON TOTAL ASSETS**



## FINDINGS

- The current ratio is fluctuating trend year by year. There is an increasing trend in the year 2015 to 2016 at 1.74%
- The net profit ratio is for the year 2017 to 2018 is 1.21%. it decreased to 1.16% in the year 2015 to 2016. But last year increased that organization net profit is good.
- Returns of total assets is showing a increasing till 2015 to 2016 at 6.4%. the company returns of total assets is good

## Suggestion

- The pure profitability of the company is mainly due to high operating cost. By exercising control over operating cost profitability can be increased. Management should take necessary step to control operating cost.
- The current ratio position is satisfactory. A major position of current assets constitutes inventory. By reducing this over investment the company can increase its current ratio position reduces stock holding cost.
- While comparing the debt and equity for the concern is little higher. Dept increase mean profit has had been increase.
- The company had reduced its expensed. Its gives good sing shows that the company operating efficiency is good.
- The company has to give more importance to the effective utilization of the assets.

## **Conclusion**

The study till “a study on financial planning and forecasting” using least square method in v farm plants sciences private limited. It is a owned company with strong financial space its liquidity position and solvency position is very good. The analysis of financial forecasting of a company sources that as bright future. To evaluated the financial performance of a company this study use analysis in which combination of financial ratio that ultimately predicts a score which can be determining the financial performance of the company overall financial very good.

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## **WEBSITE**

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