

INCOME AND EXPENDITURE STATEMENT ANALYSIS IN PREMIER MILLS PVT LTD, HOSUR

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INTRODUCTION

In our present day economy finance is defined as the provision of money at the time when it is required every enterprise whether big medium or small needs finance to carry on its operation and to achieve its target. In fact finance is so indispensable today it is rightly said that it's the life blood of industry without adequate finance no enterprise can possibly accomplish its objectives.

Since finance is viewed as the most important factors in every enterprise therefore the management requires special mention and attention. The conventional approach to finance function in business highlights the procurements of funds on the most economic and favorable terms to the concern but of the efficient and proper use of the needed for various ventures and projects how much to allocate when to allocate and how to allocate the required funds to a particular project. Deserves special attention in every concern the management has to look in to the book and corner of each project the amount of funds necessary for them and the sources from which to arrange and the sources from which to arrange financial management plays a vital role in procurement allocation and control of funds.

The basis financial planning and analysis is financial information. Financial information is needed to predict compare and evaluate the firm's earning ability. It is also required to aid in economic decision making investment and financing decision statements or accounting reports.

It contains summarized information of the firm's financial situation to owners creditors are the general public preparation of these statements is the responsibility as possible because they are very useful to judge the financial efficiency of the company.

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NEED FOR THE STUDY

- ❖ The study aim at assessing profitability and solvency position of the company.

OBJECTIVES OF THE STUDY

- ❖ To analyze the overall financial performance analysis of PREMIER MILLS Pvt Ltd

SECONDARY OBJECTIVES

- ❖ To Draw the significant relationship between increase or decrease of income and expenditure with respect to different activities

SCOPE OF STUDY

- ❖ The activities as the sources are planned in on systematic manner.
- ❖ It provides validity, objectives & reliability in business management.
- ❖ The management aim to control the cost of the production at the same time increase the efficiency of Employee.

LIMITATIONS

- ❖ Time has been a limit factor and it has been difficult the various aspects of finance with the prescribed time.
- ❖ Financial statements are only in terms of reports. They are not final because the exact financial position can be known only when the business is closed.
- ❖ Financial statement are prepare on the basis of certain accounting concepts and conventions any changes in the method or procedure of accounting limits the utility the utility of financial statements.
- ❖ The number of parties interested in the financial statement is large and their interest differs. The financial statements cannot meet the purpose of parties interested in them.
- ❖ The authenticity of the financial statement has not been checked with the book of accounts of the company.

INDUSTRY PROFILE

The Premier Group has an international reputations for quality built over the past 60 years of innovation in the textile industry. Established in 1949, Premier Mills is a member of the Premier Group and a manufacturer and exporter of fine combed cotton yarn, producing over 18 million kilograms a year. With export revenues of over USD 150 million, Premier Mills is a dominant player in the global textile market today, utilizing cutting edge technology, high-grade raw materials and stringent quality control to deliver only the finest products to its customers. The company is headquartered in Coimbatore, India with a dedicated workforce of over 5000 employees.

Premier Mills uses the finest raw cotton chosen from Egypt, USA and India. Premier is also a Supima licensee and its products carry the Oeko-Tex certification.

OUR MISSION

At Premier, we never stop exploring ways to further the quality of our products and providing excellent service to cater to the needs of our customers. State-of-the-art machinery combined with efficient, eco-friendly manufacturing processes and unparalleled technical expertise is the key to our organization's growth and success.

CLIENTELE

Premier Mills caters to a geographically diverse clientele spread across five continents, each of whom has different standards and requirements. We take great pride in our products which are individually tailored to suit the needs of our customers. We export to over 40 countries across the world, including Australia, Brazil, Finland, Germany, Italy, Japan, Portugal, Spain, South Korea, Switzerland, Taiwan and Thailand. Our clientele includes some of the world's finest names in shirting, sheeting and apparel

STRENGTHS OF TEXTILE INDUSTRY

- ❖ Premier Mills have rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibre like polyester, silk, viscose etc.

- ❖ Premier Mills is rich in highly trained manpower. The country has a huge advantage due to lower wage rates. Because of low labor rates the manufacturing cost in textile automatically comes down to very reasonable rates.
- ❖ Premier Mills is highly competitive in spinning sector and has presence in almost all processes of the value chain.'
- ❖ Premier Mills garment industry is very diverse in size, manufacturing facility, type of apparel produced, quantity and quality of output, cost, requirement for fabric etc. It comprises suppliers of ready-made garments for both, domestic or export markets.

WEAKNESS OF PREMIER MILLS

- ❖ Premier Mills is highly fragmented in industry structure, and is led by small scale companies. The reservation of production for very small companies that was imposed with the intention to help out small scale companies across the country, led substantial fragmentation that distorted the competitiveness of industry. Smaller companies do not have the fiscal resources to enhance technology or invest in the high-end engineering of processes. Hence they lose in productivity.
- ❖ Premier Mills labour laws are relatively unfavorable to the trades and there is an urgent need for labour reforms in India.
- ❖ Premier Mills seriously lacks in trade pact memberships, which leads to restricted access to the other major markets.

IMPORT PRODUCTS

The textile manufacturing industry is a small but significant sector of the economy. Premier mills is the India's largest producer and exporter of crossbred wool and enjoys a reputation for producing some of the finest quality wool in the world. It is not surprising then that much of Premier Mills' export success in this sector is with high quality pure wool carpets and carpet yarns, pure wool and woolen blended textiles. The Premier Mills' textile industry originally developed to supply India's domestic needs, but the removal of import tariffs during the last decade had a major import on the sector. Today the textile and carpet sector employs 400 people, an 18.1 percent decline 2001, and a 34.6 percent decline 1996.

However, several Indian companies have managed to thrive in this sector, both supplying the Indian domestic market and recognizing the need to find niche export markets for their products to ensure ongoing viability.

Their success has been due to their use of Indian wool to produce high quality textiles, innovative Indian and Pacific-inspired designs, and developing niche products and successfully marketing them internationally. These companies have made considerable investment in machinery, plant personnel and research to produce high quality textiles. Indian-made carpets and textiles are renowned for their strong colors. New Zealanders use bold colors in their homes, and premier mills produce yarn in a wide color palette for yarn to satisfy this demand. The Premier Mills sunlight means considerable research and investment is made to produce colorfast and fade-resistant textiles. India Trade and Enterprise prepared this information.

MAJOR MARKETS

Textiles from Export are exported to south nations, the all the States, Karnataka and Andhra. South countries are becoming an increasingly important market. Premier Mills is the major destination for premier mills textile exports.

USING MATERIALS

- ❖ Premier Mill's wool and woolen blend textiles, both knit and waver for apparel, and both domestic and commercial interior furnishings.
- ❖ Premier Mill's textiles using imported raw materials such as cotton and man-made fibers for apparel and interior furnishings, including impregnated text fabrics, artificial fur and manmade filament fabric.
- ❖ Safety fabric for specialized use.
- ❖ Industrial textiles such as cloth for crop protection and the automotive industry.
- ❖ Shade cloth – for horticulture and for domestic use – for infants' pushchairs and prams.

The cotton industry is dominated by Cavalier Bremworth and Godfrey Hirst.

TEXTILES

Textiles industry maximizes its potential and grows export and domestic sales. Its work includes facilitating ways for individual companies in the textile, Cotton, and cloth sectors to co-operate internationally.

The organization also works with companies and groups to overcome sector-specific challenges and to deal with issues common across the industry, such as creating a sustainable business, keeping skills and attracting new talent, expanding into new international markets, contemplating an international approach to servicing customers, maintaining science skills, and leveraging off the premier brand.

INDUSTRY STRUCTURE

As with the apparel industry, the textile-manufacturing sector was hard hit by PREMIER MILLS' restructuring during the 1980s and 1990s. Following the reductions in protective tariffs many businesses left the industry. Of those that remain, the majority are small and medium-sized enterprises successfully marketing premier products.

PARTIES INTERESTED IN FINANCIAL STATEMENT

Analysis of financial statement is not only useful to the company but also covers the wide range of different aspirants.

MANAGEMENT

Management is over burdened with the data rather than the Information .the analysis statement gives the information to management in brief and preside manner with this information the company can self evaluate their performance and find out any variances until budgets so these statement in term helpful for solving any deviations in the budgets.

SHARE HOLDER

Shareholders are the real owners with the help of these statement they can analysis the growth and earnings of their own company.

POTENIAL INVESTORS

The people under this category are very much keen on these statements for the return in short term and ratios these statement very much required for them.

DEBENTURE HOLDERS

These statements will be helpful for them to analysis how not only the company's ability to pay the interest also to redeem the same.

CREDIT INSTITUTION

Companies' financial requirements are being fulfilled by this organization before investing. These institutions are very much required of the solvency and potentiality of the company. Preparing these statements will fulfill these needs.

CREDITORS

Creditors are the one who are inter over with the companies day to day operations they too need the ability of the company to discharge their debts by the company financial statement are helpful in this regard to the creditors.

EMPLOYEES AND TRADE UNIONS

The profit of the company is in the term of an effect in the pay structure of the Employees. Bonus generally linked with the parties earned by the company. The financial statement gives this information to the employees of the organization or company

GOVERNMENT

To know whether particular industry is in progress or not can be measured by these statements. In term of the government will be in a position to the progress of the nation as a whole.

TAX AUTUORITIES

Financial statement are very helpful for the income tax authorities to determine revenue receivable from the company's financial statements help them a great deal.

RESEARCHER

These are the documents for the future projections so these are esteem value to scholars undertaking research business affairs and practices. After duly recognizing the impotence of

financial statement analysis this topic has been these as the focus of project. It analysis the various facts, like ratio of Working capital in PREMIER MILLS PVT LTD.

Table No: 1

COPMRAIVE INCOME STATEMENT OF PREMIER MILLS PVT LTD FOR THE YEAR ENDING 2007-2008

(In Crores)

Particular	2007	2008	Absolute increase/ Decrease	Absolute increase/ Decrease %
INCOME				
Sales	2195.62	2541.97	346.35	15.77
Export Incentive	37.34	58.47	21.13	56.58
Other Income	7.7	7.24	-0.5	-6.46
TOTAL INCOME	2240.7	2607.68	366.98	16.38
EXPENSES				
Raw material	1006.55	1392.3	385.75	38.32
Purchase of tread goods	4.75	7.11	2.36	49.68
Increase/decrease stock	28.41	-44.49	16.08	56.59
Interest	41.97	39.62	-2.35	5.59
Excise Duty	396.58	414.92	18.34	4.62
Other expenses	649.94	704.21	54.27	8.35
TOATL EXPENSES	2128.2	2513.67	474.45	22.29
PROFIT BEFORE TAX	112.5	94.01	-18.49	-16.44
PROVISION				
Add Exceptional item		73.71	73.71	100
Current Tax	39.2	55.01	15.81	40.33
Deferred Tax	-5.16	-4.64	-0.52	-10.08
NET PROFIT	78.46	117.38		

Sources: projected Balance sheet of the company

Chart No: 1

SALES OF PREMIER MILLS LTD FOR THE YEAR 2007-2008

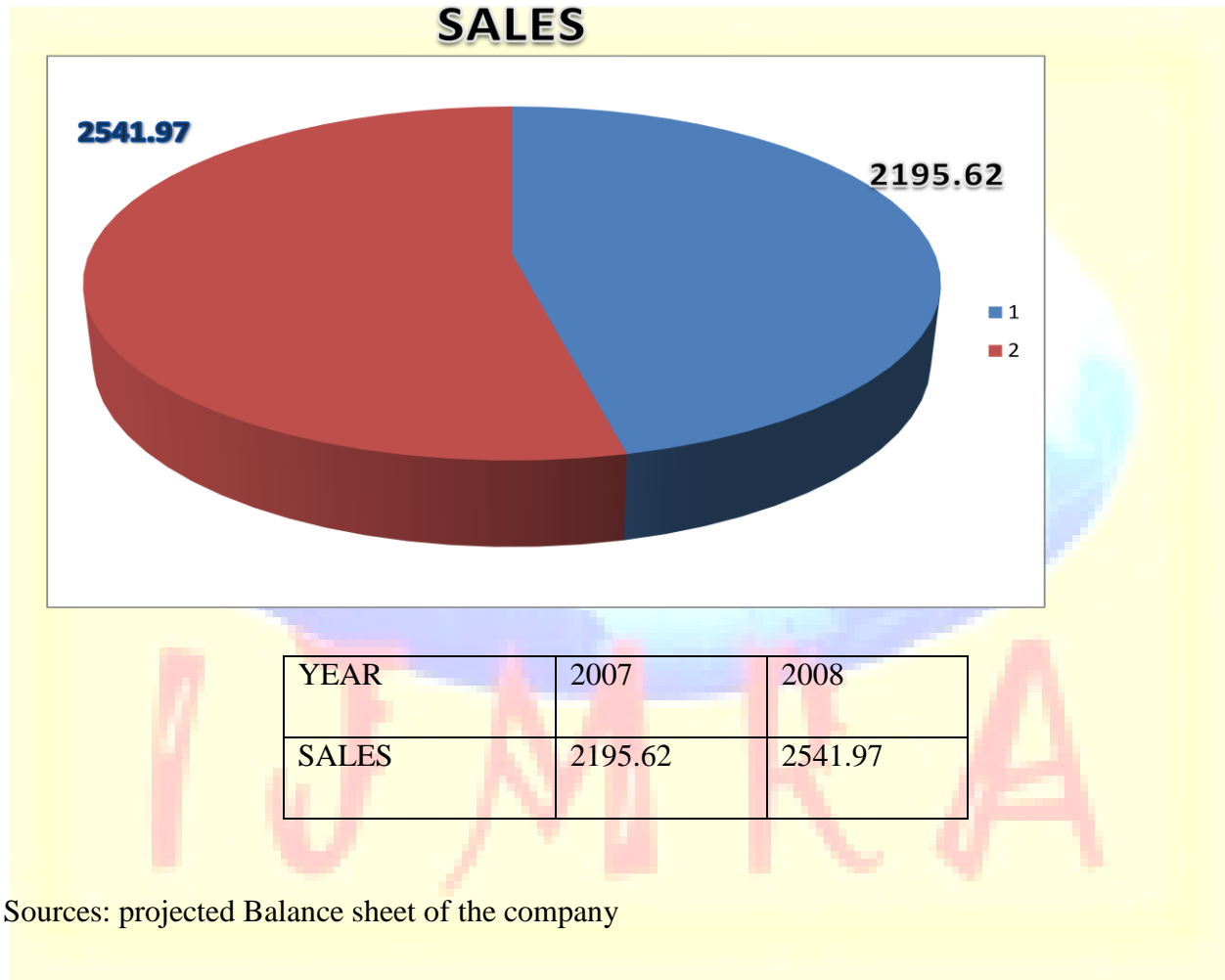


Table No: 2

COMPARATIVE INCOME STATEMENT OF PREMIER MILLS PVT LTD FOR THE YEAR ENDING 2008-2009

(In Crores)

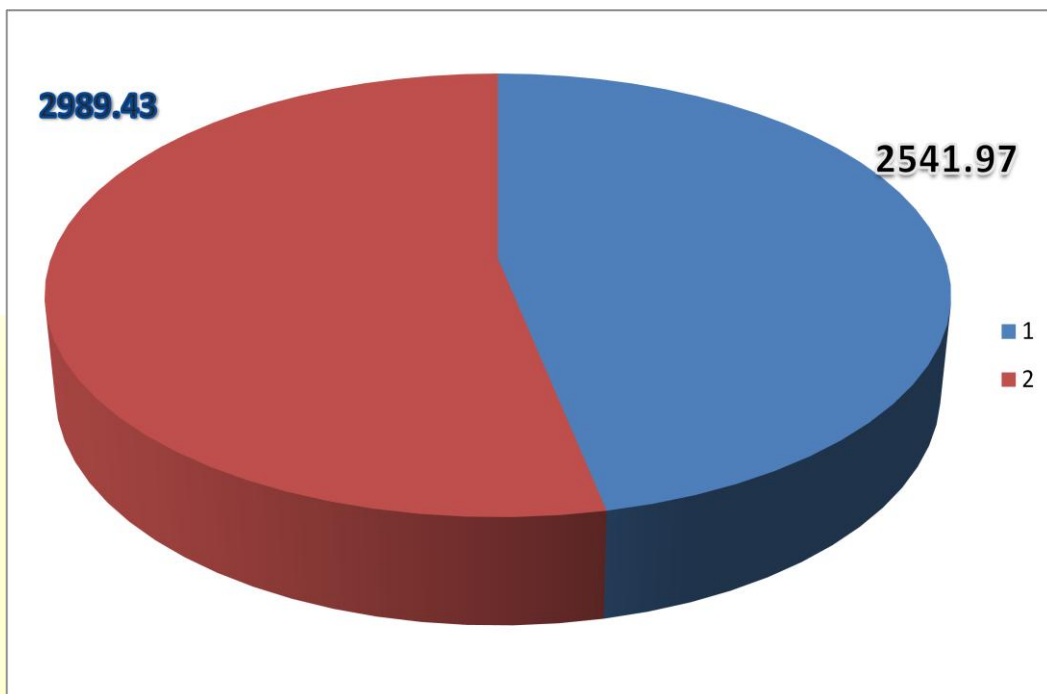
Particular	2008	2009	Absolute increase/ Decrease	Absolute increase/ Decrease %
INCOME				
Sales	2541.97	2989.43	447.46	17.6
Export Incentive	58.47	44.75	-13.72	-28.47
Other Income	7.24	13.79	6.55	90.47
TOTAL INCOME	2607.68	3047.97	440.29	16.88
EXPENSES				
Raw material	1392.3	1726.02	333.72	23.97
Purchase of tread goods	7.11	9.58	2.47	34.74
Increase/decrease stock	-44.49	-23.54	20.95	-47.09
Interest	39.62	28.15	-11.47	-28.95
Excise Duty	414.92	454.15	65.17	9.25
Other expenses	704.21	769.38	39.23	9.45
TOATL EXPENSES	2513.67	2963.74	450.07	17.9
PROFIT BEFORE TAX	94.01	84.23	-9.78	-10.4
PROVISION				
Add Exceptional item	73.71	-14.33	-32.39	-43.93
Current Tax	55.01	12.3	-42.71	-77.64
Deferred Tax	-4.64	1.8	-2.84	-61.21
NET PROFIT	117.38	28.8		

Sources: projected Balance sheet of the company

Chart No: 2

SALES OF PREMIER MILLS PVT LTD FOR THE YEAR 2008-2009S

SALES



YEAR	2008	2009
SALES	2541.97	2989.43

Sources: projected Balance sheet of the company

Table No:3

**COPMRAIVE INCOME STATEMENT OF PREMIER MILLS PVT LTD
SFOR THE YEAR ENDING 2009-2010**

(In Crores)

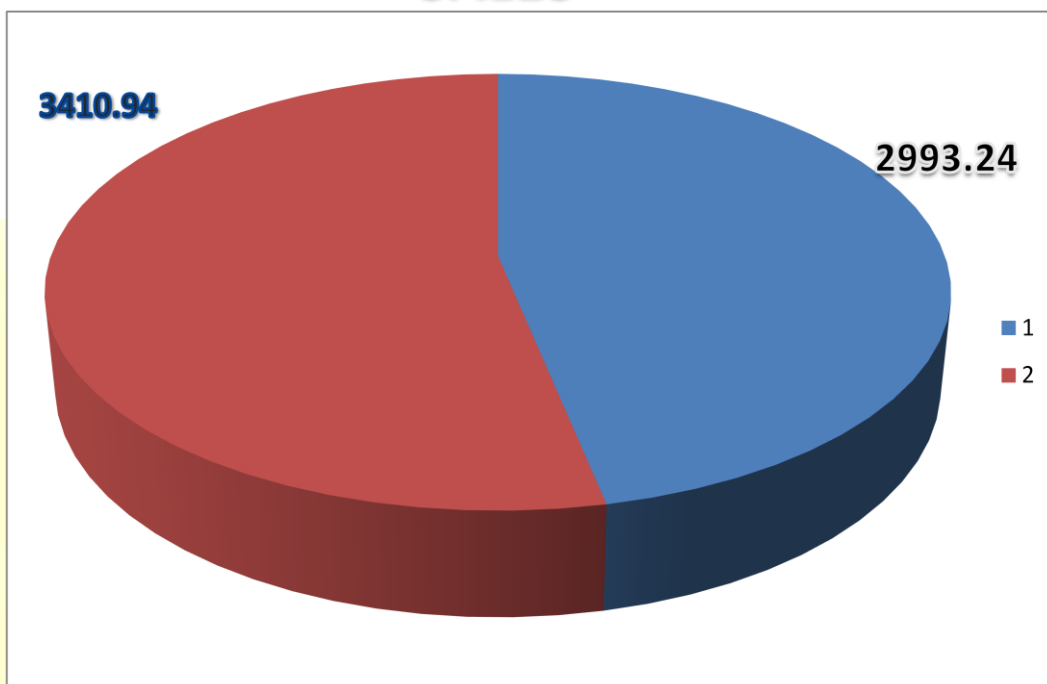
Particular	2009	2010	Absolute increase/ Decrease	Absolute increase/ Decrease%
INCOME				
Sales	2993.24	3410.94	421.51	14.10
Export Incentive	44.75	16.35	-28.4	-63.46
Other Income	13.79	28.62	14.83	107.54
TOTAL INCOME	3047.97	3455.9	407.93	13.38
EXPENSES				
Raw material	1726.02	2119.9	393.88	22.82
Purchase of tread goods	9.58	5.69	-3.89	-40.65
Increase/decrease stock	-23.54	-50.07	26.53	112.7
Interest	28.15	32.66	4.51	16.02
Excise Duty	454.15	827.11	372.96	82.12
Other expenses	769.38	461.09	308.29	40.06
TOATL EXPENSES	2963.74	3396.38	1102.28	14.6
PROFIT BEFORE TAX	84.23	59.52	-694.34	-29.33
PROVISION				
Add Exceptional item	-14.33	4.18	-10.15	-89.89
Current Tax	12.3	11.55	-0.75	-6.09
Deferred Tax	1.8	2.03	0.23	12.78
Fringe benefit Tax		1.45	1.45	100
NET PROFIT	28.8	40.31		

Sources: projected Balance sheet of the company

Chart No: 3

SALES OF MRF LTD FOR THE YEAR 2009-2010

SALES



YEAR	2009	2010
SALES	2993.24	3410.94

Sources: projected Balance sheet of the company

CONCLUSION

PREMIER MILLS PVT LTD companies showed decline trend for last 3 year. This profit is not sufficient to cover up administrative expenses of the company. Company has to increase its profit. The companies try to control its expenses. So, the company can earn a minimum profit.

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