CHAPTER V
Summary of the findings and suggestions

Chapter -I

Introduction

There has been a remarkable transformation in the Indian economy from Laissez-faire policy to socialistic pattern of society and then nationalisation of industries to privatization of industries. After the implementation of the New Economic Policy only Six industries are reserved for the public sector and only eight industries required an industrial license from the union Government.

Statement of the Problem

TNPL is a Government company. The shares of the TNPL were sold at a premium. The share of TNPL were sold at a premium even to its employees. However, as on 28th January 2002 the market values of one equity share of TNPL was Rs.43. to ascertain as to whether the poor financial performances of TNPL is the reason for the fall in price of shares, the financial performance of the TNPL may be analyzed.
Importance of the study

A study, which is appraising the financial performances of the TNPL, may reveal several results, which will enable the investors and prospective investors to take appropriate decisions.

Scope of the study

Every year the TNPL publishes its annual report. Its shares have been quoted in the National Stock Exchanges and Regional Stock Exchanges. Hence, there is a scope to examine the financial performance of TNPL.

Objectives of the study

1. To examine theoretically the rational of establishing TNPL in a village kagithapuram.
2. To bring out the production, operational and financial results of TNPL with a view to project its performance in quantitative terms.
3. To analyse the financial performances of TNPL statistically with view to ascertain the facts for the fall in prices of its shares.
4. To suggest views to improve the financial performances of TNPL.
Limitations of the study

The study is based on facts and figures published by the TNPL through its annual reports.

Research Methodology

TNPL is taken as a case. Historical method of collecting past data is adopted.

Sampling Technique

Purposive sampling or convenient sampling technique is adopted, as the TNPL is nearer for every other purpose.

Data collection

Only secondary data is used.
Data analysis

All statistical techniques which are used in financial accounting are widely used.

Chapter II

The profile of TNPL the is discussed at length, Incorporation, Main Objects of the company, Classification of plant functions, Off site, Production achievements, Research and development, Pollution control, New addition to the product mix, organization structure of TNPL, Strength of the employees, Hours of work, Allowances, Retirement benefits and Future plan of action are discussed in detail.

Chapter III

Under socialistic pattern of society the public sector was expected to play a key role in the economic development of India. Hence, an attempt has been made in this chapter to explain the rationale behind public sector undertakings in a market economy. There are arguments infavour of public sector undertakings.
Growth and performance of public accountability

There has been a phenomenal growth of the public sector undertakings. The public sector was assigned a very important role in the industrialisation and economic development of the country.

Parliamentary control and public accountability

Parliamentary control is a very important aspect of the performance appraisal of public enterprises in India. The system works in four ways.

1. At the time of question hour in the parliament.
2. At the time of budget discussions.
3. Time of presentation of annual reports
4. The time of consideration of reports.
Chapter IV

Analysis of financial performance TNPL

From the financial statement of TNPL for a period of five years from 1997-98 to 2001-02, the following analysis have been made to examine the financial performance.

Capital structure in TNPL

The capital structure of the TNPL has been shown means of pie diagram. The capital may be grouped into owned funds and borrowed funds. It is significant note owned capital of TNPL has Rs.31, 181.66 lakhs as owned capital of TNPL Rs.86, 140.67 lakhs. It is low learned company. The share of each source of finance to total capital is shown in table-1.

Comparison of market value and intrinsic value of shares

The intrinsic value of the TNPL share is greater the market value as shown in table-2. The reasons for low market value as compared to intrinsic value may be due to poor rate of dividend declared and paid. The
intrinsic value of shares are calculated in table-3. The changes in the intrinsic value of shares have been shown be means of simple bar diagram.

**Ratio analysis.**

While analyzing the financial performance the ratio analysis is a tool used to interpret the results. The ratio analysis are widely used in management may be used analyse the financial results.

**Findings of the Study**

1. The EPS of the TNPL is relatively growing from 1997-98 to 2000-01 but during the year 2001-02 is declined by Rs. 9.45.

2. TNPL is unlevered firm in the sense that the leverage ratios are going decreasing from year to year.

3. Intrinsic value of shares is always higher than the market value of shares.