PREFACE

This study deals with the “Financial Statement Analysis of Engineering Industries in Maharashtra State.” Engineering Industry has played a predominant role in the national economy. The Industry contributes 40% share in the economical growth of the country. At present the investment in the engineering industry is estimated over Rs.500 billion and provides employment to over 4 million people.

Public Ltd. company’s results are published in Financial Statements every year. The common man is unable to grasp the economic results of their companies. Therefore the researcher has decided to go through the financial statements of these companies, so as to make them readable and understandable to a common man.

In the interest of a sound financial policy, every company should also analyse its accounts periodically. The financial statements are frequently voluminous, cumbersome and detailed to the point where they are almost useless to top management. The analysis and interpretation of the financial statements result in the presentation of information that helps in decision making for business managers, investors and creditors as well as other groups who are interested in the financial status and operating results of the business.
While analysing the financial statements researcher has tried to interpret and draw the conclusions from the statements. The financial statements are intended to give an accurate picture of concern's financial position and operating results in a condensed form. The overall objective of a business is to earn a satisfactory return on the funds invested in it and maintain the sound financial position.

The financial statements of the steel factories included in the study have been showing continuous losses for the last several years. Now the time has come to take full review of the financial position of these steel factories. Therefore, the present study is particularly designed to find out cost trends, profitability and to prove the short term and long term financial strength and to overcome various weaknesses of the factories. The Researcher has tried to attempt comparison of working of Engineering factories in different regions of Maharashtra, namely Western Maharashtra, Central Maharashtra, Marathwada, Khandesh and Vidharbha.

The study is being presented in six chapters :-

1) The first chapter deals with general background of Engineering Industries in India and more particularly in Maharashtra. It also covers statement of the problems, objective of the study, list of the hypothesis methodology and chapter scheme.

2) The chapter-II provides a brief history of each Engineering Factory selected under the study.
3) Chapter-III deals with cost trends of Engineering Industry i.e. Raw Material, Direct Labour Cost, Manufacturing Expenses and Depreciation Cost over a period of 11 years and with comparison of all the units.

4) Chapter-IV is a study to identity the profitability of each factory through the techniques of ratio analysis and comparative income statements.

5) In Chapter-V the financial strength of the selected factories have been analysed. The emphasis is being given to the short term as well as long term financial strength of Engineering Industries.

6) The last Chapter contains summary of results drawn and also the suggestions offered for improving the financial performance of these Engineering companies.

The present study covers the total period of 11 years i.e. from 1991-92 to 2001-2002. This period is quite helpful to assess the impact of the conditions that prevail and govern the working of the factories selected for the study.

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