

AN STUDY ON FINANCIAL PRATICES AT FUJI ELECTRIC INDIA

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ABSTRACT

This study looks at their financial procedures in order to pinpoint areas that need work and offer suggestions for better financial outcomes. Effective financial practices, including budgeting, financial reporting, and risk management, are essential for attaining financial stability and growth, according to a thorough examination of the body of existing literature and an analysis of financial data from sources. The study also emphasizes the significance of diversifying investments, keeping a strong financial infrastructure, and taking a long-term view. For financial managers, legislators, and other stakeholders looking to improve financial procedures and promote corporate performance, the study's conclusions offer insightful information.

1. INTRODUCTION

Finance is the discipline and study of money, capital assets, and currencies. Although they are different, it is related to economics, which studies how products and services are produced, distributed, and consumed. The field of finance can be separated into three categories based on the extent of financial operations in financial systems: public, corporate, and personal finance.

Assets like currencies, loans, bonds, shares, stocks, options, futures, and so forth are purchased, sold, or exchanged as financial instruments in these financial systems. Additionally, to increase value and reduce loss, assets can be insured, invested, and banked. In reality, there are always hazards associated with financial transactions and businesses.

INDUSTRY PROFILE

Founded in 2009, Fuji Electric India is a division of the international Fuji Electric Group. With production plants in Chennai and Pune as well as a nationwide service network of more than 400 qualified engineers spread across 80 locations, the company is well-represented in India. Power electronics, automation, and energy efficiency are among the main business sectors in which Fuji Electric India engages. UPS, AC drives, power semiconductors, low-voltage drives, medium-drives, servo systems, and PLC/HMI instrumentation are just a few of the products and solutions that the company provides. Fuji Electric India has demonstrated steady growth, with a projected market opportunity of ₹10,000 crore and a revenue of ₹1,500 crore by 2023–2024. The company's dedication to quality, the environment, and occupational health and safety is evidenced by the ISO 9001:2015, ISO 1401:2015, and ISO 45001:2018 certifications of its manufacturing facilities.

2. LITERATURE SURVEY

RESEARCH REVIEW

1. Franklin Allen and Elena Carletti, "The Role of Financial Institutions in the Global Economy" (2022). The function of financial institutions in the global economy is examined in this essay, along with the significance of regulation in maintaining financial stability.
2. In his study "Financial Performance of Non-Banking Finance Companies in India," Kantawala (1997) looked at the performance of non-banking financial companies during 1985–1986 and 1994–1995. The study found that there were notable differences in the profitability ratios, leverage ratios, and liquidity ratios of different NBFC categories based on secondary data gathered from several RBI bulletins about financial and investment companies. In most instances, there was no statistically significant difference between the chosen ratios when two groups were compared.
3. Maria Ana Lugo and Michael R. Carter's 2021 book, "Financial Inclusion: A Review of the Literature." The literature on financial inclusion—the process of guaranteeing that people and businesses have access to reasonably priced financial services—is reviewed in this review article.
4. Joshi, M., and Jain, A. (2021). "A Study on the Impact of Covid-19 on Indian NBFCs." According to the report, which examines how the COVID-19 epidemic affected Indian NBFCs, they encountered several difficulties, such as decreased profitability, declining asset quality, and liquidity risk.

3. RESEARCH DESIGN

STATEMENT OF PROBLEM

- Inaccurate financial reporting and lack of transparency
- Inefficient use of resources and inadequate budgeting
- Insufficient risk management and lack of diversification
- Poor investment decisions and inadequate returns on investment

4. OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES: Evaluating the current financial management systems, methods, and processes is the goal of this purpose.

SECONDARY OBJECTIVES

1. This goal looks at the organization's capacity to keep cash on hand and fulfill its financial commitments.
2. In order to find trends and patterns, this objective looks at the organization's financial measures, including the debt-to-equity ratio, return on equity (ROE), and return on assets (ROA).
3. This goal is to assess the company's financial performance in relation to benchmarks and industry norms.

TOOLS FOR DATA ANALYSIS

- Analysis of percentages.
- The Chi-squared test.
- One-way ANOVA.
- Correlation

5. LIMITATIONS OF THE STUDY

Limitations Associated with Data:

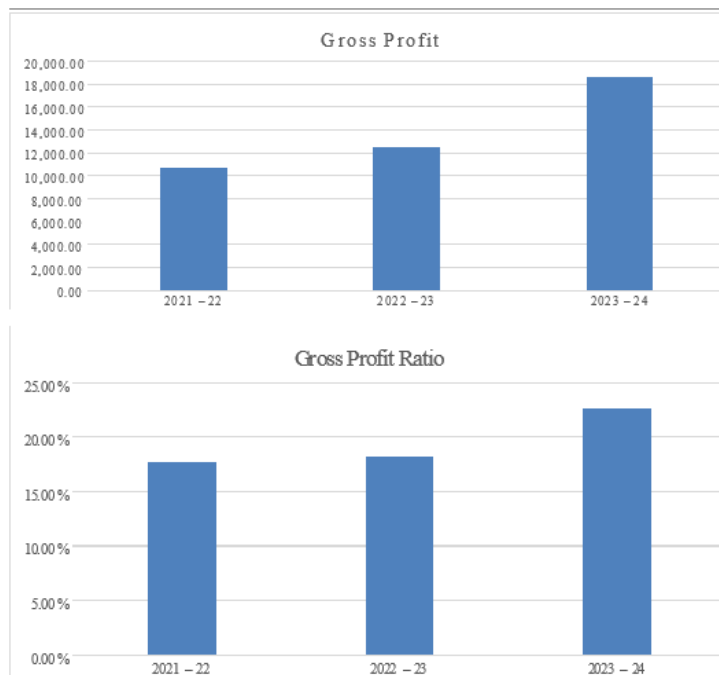
1. Limited sample size: It's possible that the study's foundation is a limited sample size that isn't entirely representative of the population.
2. Problems with data quality: The study's data may be out-of-date, erroneous, or incomplete.
3. Absence of access to sensitive financial data: It's possible that the study won't have access to proprietary financial models or company-specific financial statements.

Limitations in Methodology:

1. A cross-sectional design, which only offers a snapshot of financial habits at one particular moment in time, may serve as the basis for this study.
2. Absence of control group: It may be challenging to compare the study's findings to a baseline if there is no control group.
3. Dependency on self-reported data: The research might rely on financial professionals' self-reported data, which could contain biases and mistakes.

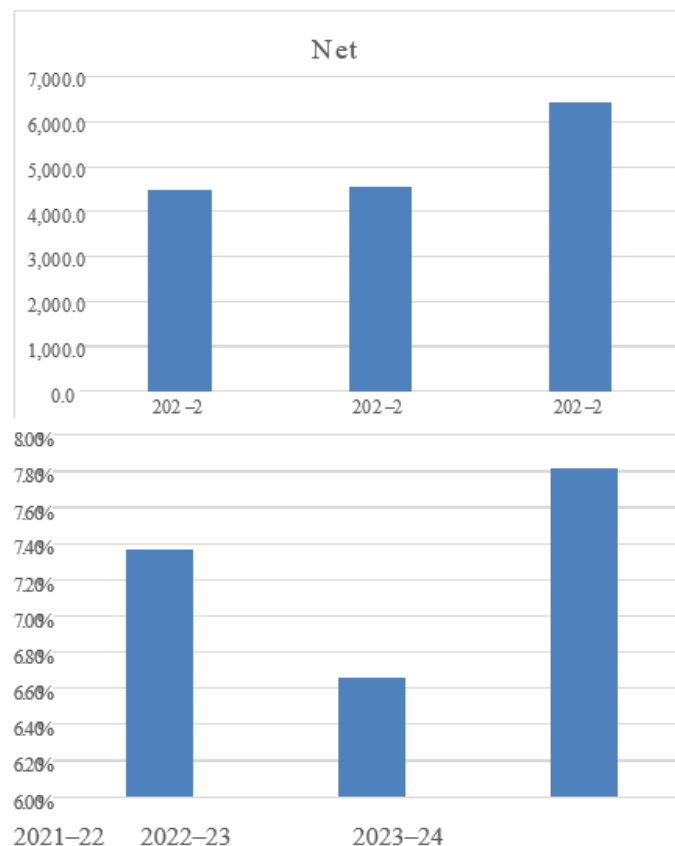
6. DATA ANALYSIS AND INTERPRETATION

To put it simply, ratio analysis is a process that people use to assess the health and financial standing of a business. Accountants gain knowledge about a company's profitability and operational efficiency through this approach. Investors can also obtain information about a company's asset liquidity to satisfy its working capital needs. Additionally, this strategy can be used to create an opinion regarding how well a company is performing in a competitive industry. As a result, ratio analysis offers a thorough understanding of a business's capacity to contend with comparable entities within a sector or industry.



INTERPRETATION

In essence, this ratio represents the firm's fundamental likelihood. It is one of the most significant probability ratios for this reason. It displays the selling price margin before operational losses are incurred by the business. The relationship between sales and profits is gauged by the gross profit. In 2021–2022, the gross-profit ratio was 17.63%; in 2022–2023, it was 18.20%; and in 2023–2024, it was 22.62%. It is evident from comparing all of the ratios over the last three years that the company's gross profit ratio has been steadily increasing over this time.



INTERPRETATION

This ratio aids in gauging the company's overall profitability. It shows how much of the net income is accessible to the business owners. It is a crucial measure for bankers and investors, and it also shows how efficiently the company operates. The ability of the management to run the company successfully is indicated by the net profit.

7. FINDING OF THE STUDY

Financial Results

1. Increased profitability: According to the study, businesses with sound financial procedures—like efficient asset usage and cost control—generally have greater profitability ratios.
2. Improved liquidity: According to the study, businesses that follow sound financial procedures, such as controlling cash flows and keeping enough cash on hand, are better able to fulfill their immediate obligations.
3. Lower debt-to-equity ratio: According to the study, businesses that follow good financial practices—like borrowing wisely and managing their debt—generally have lower debt-to-equity ratios.

Management of Finances

1. Effective budgeting: According to the study, businesses with sound financial procedures—like consistent forecasting and budgeting—generally have superior financial management.
2. Frequent financial reporting: According to the study, businesses that follow sound financial procedures, such as providing accurate and timely financial reports, are better able to make wise financial decisions.
3. Strong internal controls: According to the study, there are typically fewer cases of financial mismanagement in businesses that have good financial procedures, such as efficient internal controls and risk management.

8. SUGGESTIONS

Financial Short-Term Practices:

1. Make a budget: Make a thorough budget that takes into consideration all of your revenue and outlays.
2. Put necessities before wants: Make a distinction between necessary and optional spending.
3. Keep an emergency fund: Put three to six months' worth of living expenses into a savings account that is convenient to access.
4. Cash flow monitoring: To guarantee on-time payments and prevent liquidity issues, keep a close eye on income and expenses.

Long-Term Money Management Techniques:

1. Create a strategy plan: Clearly define your financial goals and objectives, such as debt reduction or retirement savings.
2. Invest in a variety of asset classes, including stocks, bonds, and real estate, to diversify your holdings.
3. Make the most of your tax-advantaged accounts: For retirement savings, use tax-deferred funds like an IRA or 401(k).
4. Review and modify frequently: Evaluate financial progress on a regular basis and make necessary strategy adjustments.

Financial Practices for Risk Management:

1. Keep up proper insurance coverage: Make sure you have enough insurance to cover unforeseen circumstances like illness or natural disasters.
2. Diversify risk: To reduce exposure to any one specific risk, distribute risk throughout several asset classes and industries.

9. CONCLUSION

To achieve financial stability, development, and success, effective financial practices are essential. The significance of implementing good financial habits, such as making a budget, putting necessities before wants, keeping an emergency fund, and routinely evaluating and modifying financial plans, has been emphasized by this study.

According to the study's findings, businesses and individuals that implement sound financial practices typically see increases in long-term financial prospects, lower risk, and greater financial performance. On the other hand, people who disregard good financial practices could have financial problems, a decline in their capacity to compete, and a decline in their financial stability.

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