

**Chapter I**  
**Introduction and**  
**Research Design**

## **1.1 Introduction**

Abhyankar Footwear Private Limited was promoted in the year 2000 by Abhyankar family in Kolhapur. The firm is engaged in manufacturing and selling of footwear e.g. leather chappals, sandals, shoes etc. It is famous for good quality of the footwear products. The factory has acquired half acre of land on Ring road at Kalamba which is 5 Kms away from Kolhapur city. The necessary infrastructure facilities are available near the site.

A critical study of financial performance of the company is a very important because the facts and figures in the financial statement can be transformed into meaningful and useful figures through the financial analysis. Ratios are a mathematical expression and indicate the relationship between two or more variables. A study of ratios is used as benchmark for evaluating the performance of a firm. It helps to identify the financial and operational strengths and weaknesses. Working capital management assumes great significance in the financial management of any company. Its study reveals the practices used for efficient management of working capital.

## **Research Design**

### **1.2 Statement of The Problem**

The statement of the problem shall be 'A Critical Study of Financial Performance with special reference to Abhyankar Footwear Pvt. Ltd. Kolhapur'

### **1.3 Objectives of the Study**

1. To study the production and sales of Abhyankar Footwear Pvt. Ltd. Kolhapur.
2. To analyze the financial performance of the company during the period from 2001-02 to 2005-06.
3. To calculate various ratios for determining the efficiency of financial activities of the company.

4. To study the working capital management techniques used by the Company.
5. To make suggestions to the Company for future improvement of its financial management.

## **1.4 Significance**

The study of analysis and interpretation of financial statement shows the financial position or strength and weakness of the company. The study creates an awareness in management of financial performance of the Company in future.

It provides useful information which can be gainfully utilized to predict, compare and evaluate the firm's earning capabilities.

## **1.5 Data Collection**

- **Primary data**

The primary data required for the study shall be collected by using interview method and interaction with the staff of the Company.

- **Secondary data**

The present research work is dependent largely on secondary data .The records of the Company shall be the main source of data required for the study. In addition to the Company records other published data shall be used for analyzing the financial performance of the company. This will include reference books, journals, periodicals and other published material.

## **1.6 Analysis and Interpretation of Data**

The data collected from different sources shall be analyzed and interpreted by using the tools of financial analysis like ratios and simple statistical techniques.

## **1.7 Data Presentation**

The data shall be presented in various Chapters. The chapter scheme of the report shall be as follows

Chapter I: - Introduction and Research Design

Chapter II: - Profile of Abhyankar Footwear Pvt. Ltd.

Chapter III: - Financial Analysis of the Company

Chapter IV: - Working Capital Management

Chapter V: - Findings and Suggestions

## **1.8 Limitations**

The present study is limited to financial performance analysis of one unit viz Abhyankar Footwear Pvt. Ltd. Kolhapur. Due to time constraint period of study is restricted to five years from 2001-02 to 2005-06.

The researcher has relied upon the secondary data made available by the Company. Even though the present study is confined to one unit, there is a vast scope for further research in the financial management area and the scope of the study may be extended to the leather industry in Kolhapur district.

