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## RESEARCH PAPER

# Analyzing the financial performance of coconut oil mills in western Tamil Nadu - DuPont analysis

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## ABSTRACT

The basic objective of the study is to analyze the financial performance of coconut oil mills in Western Tamil Nadu by using the DuPont system of financial analysis, which is based on analysis of return on equity model. Data was collected from 40 coconut oil mills in western Tamil Nadu for five-year period from 2009-10 to 2013-14. The financial statements of the selected oil mills were collected to perform the analysis. Regression results revealed that 84 per cent of the variations in Return on Equity (RoE) was explained by the independent variables included in the model. Net profit margin had the greatest effect on Return on Equity (RoE), whereas equity multiplier had the least effect on RoE. The study concluded that coconut oil mills have to improve their asset turnover ratio by managing their assets to generate sales. They have to utilize their debt capital in an effective manner, which actually leverage the oil mills.

**KEY WORDS :** Financial performance, DuPont analysis, Coconut oil mills

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