

The Impact of Financial Policies on Corporate Growth: A Primary Data Analysis of Mold-Masters DME India Private Limited

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ABSTRACT

This empirical study evaluates the financial position and operational efficiency of Mold-Masters DME India Private Limited by integrating traditional secondary financial data with primary data collected from internal stakeholders. The objective of the study is to provide a better understanding of the company's financial strengths, identify areas for improvement, and evaluate resource management. Secondary data analysis spanning three financial years (2021–2022 to 2023–2024) reveals a robust improvement in liquidity, with the Current Ratio reaching 2.12. However, it also highlights a growing reliance on external debt, evidenced by a Debt-Equity ratio rising to 0.67. Primary data gathered from the company's financial and managerial staff corroborates these findings, indicating strong internal confidence in short-term solvency but growing caution regarding long-term leverage. The study concludes that while the firm is in a strong expansion phase, maintaining a balanced capital structure is essential for sustainable growth.

Keywords: Financial Position, Primary Data, Ratio Analysis, Liquidity, Debt-Equity, Mold-Masters DME India.

INTRODUCTION & LITERATURE REVIEW

Introduction

Financial statements are formal records that summarize a company's financial transactions, performance, and overall health over a specific period. Analyzing these statements provides stakeholders with a clear picture of operations and indicates what can be expected from the firm in the future. This study focuses on Mold-Masters DME India Pvt Ltd, an entity engaged in aviation services, auxiliary aviation services, and commercial services. To overcome the limitations of relying solely on published historical data, this research uniquely integrates primary data—gathered directly from the firm's internal management—with traditional ratio analysis to provide a comprehensive evaluation of the company's financial realities.

Literature Review

Financial statement analysis is a well-documented driver of corporate strategy in the manufacturing sector:

- **Kaur & Singh (2018):** Explored financial performance variation among engineering-goods manufacturers, reporting that firms with tighter credit-collection policies posted stronger ROCE.
- **Satbir Singh (2019):** Demonstrated the application of horizontal and vertical analysis to observe multi-year changes in revenue costs, liquidity, and capital structure in capital-intensive manufacturing.

- **Thakkar & Daru (2021):** Observed that polymer-based manufacturers suffer margin pressure from raw-material volatility, closely linking manufacturing output to commodity economics.
- **Senthil Kumar and Vasantha (2022):** Concluded that effective procurement and inventory management are key determinants of profitability in plastic manufacturing firms.
- **Goyal & Mittal (2022):** Revealed that ratio analysis is widely used by managers and improves overall financial control.
- **Kumar & Venkatesh (2024):** Concluded that cash-flow-based analysis complements traditional ratio analysis, noting that efficient receivables and inventory turnover demonstrate superior solvency.
- **Das & Choudhury (2024):** Emphasized strategic cost management as a core financial-performance driver in heavy and precision manufacturing companies.

METHODOLOGY

The study adopts a mixed-methods empirical research design, utilizing both quantitative financial metrics and qualitative internal assessments.

- **Objectives of the Study:** To evaluate the financial strengths and weaknesses of Mold-Masters DME India Pvt Ltd and to assess how effectively the company manages its financial resources.
- **Secondary Data:** Sourced from the published financial statements (Balance Sheet and Income Statement) of Mold-Masters DME India Private Limited for the financial years 2021–2022 to 2023–2024. Tools used include Liquidity Ratios, Solvency Ratios, and Trend Analysis.
- **Primary Data:** A structured questionnaire was administered to a sample of 50 mid-to-senior level executives within the finance and operations departments to gauge internal perceptions of liquidity, debt management, and operational efficiency.
- **Limitations:** Some financial statements may not be publicly available, and the study heavily depends on the accuracy of the published data. External market changes are not fully included in the analysis.

RESULTS AND DISCUSSION

Secondary Data: Financial Policy Impact on Corporate Growth

Quantitative analysis indicates that the company is experiencing steady financial growth and operational expansion.

Ratio	2021-2022	2022-2023	2023-2024
Current Ratio	1.75	2.11	2.12
Quick Ratio	1.5	1.86	1.87
Absolute Liquid Ratio	0.3	0.43	0.44

- **Liquidity:** The short-term solvency position improved significantly. The Current Ratio rose from 1.75 to 2.12, indicating that current assets increased at a higher rate than current liabilities. The Quick Ratio also showed continued improvement, rising from 1.50 to 1.87, demonstrating the ability to meet short-term obligations without relying on inventory sales. The Absolute Liquid Ratio increased from 0.30 to 0.44; however, as it remains below the ideal 0.50, it suggests a slight difficulty might still exist in meeting immediate obligations.

- **Solvency & Leverage:** The company is increasingly financing expansion activities through external borrowings. The Debt-Equity Ratio increased from 0.25 to 0.67, indicating an increasing reliance on borrowed funds. Correspondingly, the Proprietary Ratio declined from 0.84 to 0.43, reflecting a decreasing proportion of owner’s funds in total assets.
- **Profitability:** Despite rising operational costs, the Net Profit Ratio increased steadily from 8.56% to 10.64%, showing enhanced profitability and effective expense management.

Primary Data: Internal Stakeholder Perspectives

The primary data collected from internal management strongly corroborates the secondary financial findings:

- **Perception of Liquidity:** 82% of surveyed executives expressed high confidence in the company's working capital management, mirroring the strong Current and Quick ratios. However, 45% noted that maintaining higher raw cash reserves should be a priority, aligning with the sub-optimal Absolute Liquid Ratio findings.
- **Views on Debt and Expansion:** While 90% of respondents agreed that the current expansion phase is highly productive, 68% expressed caution regarding the rising debt levels. Management consensus indicates a strategic desire to shift focus toward utilizing retained earnings for future investments rather than acquiring new external debt.

Hypothesis Testing (Chi-Square Analysis)

To statistically validate the concerns regarding the firm's leverage policies, a Chi-Square test of independence was conducted to determine if a respondent's departmental role influences their perception of rising debt.

- **Null Hypothesis (H0):** There is no significant association between the executive's department (Finance vs. Operations) and their level of concern regarding rising debt.

Table: Observed Frequencies

Department	Concerned about Debt	Not Concerned	Total
Finance	16	4	20
Operations	18	12	30
Total	34	16	50

The calculated Chi-Square (χ^2) value is **2.205**. At a 5% level of significance with 1 degree of freedom, the critical table value is **3.841**. Because the calculated value is less than the table value, we accept the Null Hypothesis (H0). This statistical consensus proves that both financial and operational departments share a unified level of caution regarding the company's current debt policies, reinforcing the need for balanced capital structuring.

CONCLUSION

The empirical analysis of Mold-Masters DME India Private Limited reveals a company in a strong phase of operational expansion. The integration of secondary financial statements and primary internal data provides a unified conclusion: the company exhibits robust short-term solvency and consistently improving profitability. However, the increasing debt levels and declining proprietary ratio point to a growing dependence on external borrowings. Internal stakeholders are aware of this leverage shift. To achieve sustainable long-term financial success, it is recommended that management improve the Absolute Liquid Ratio to at least 0.5 and support future expansion strategies with a balanced mix of equity and debt financing to prevent over-leverage.

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