

A study on Financial Performance Analysis Redova logistic Pvt. Ltd Chennai

Submitted in partial fulfilment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

JEEVANANTHAM K

Register No.41410140



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA
INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade “A” by NAAC | 12B Status by UGC | Approved by AICTE

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

APRIL 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **JEEVANANTHAM K 41410140** who carried out the project entitled "**A Study on Financial Performance Analysis Redova Logistic Pvt Ltd. Chennai**" under my supervision from January 2023 to April 2023.

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Submitted for Viva voce Examination held on 05/05/2023

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TO WHOMSOEVER IT MAY CONCERN

This is Certify that **Mr. JEEVANANTHAM K (Reg. No: 41410140)**, Student of MBA from Sathiyabama Institute of science and Technologies Chennai, has Completed the project Work on “**A STUDY ON FIANACIAL PERFORMANCE ANALYSIS**” in our organization from 09th Jan ‘2023 to 31st Mar ‘ 2023;Further he has to report on all working days (Monday to Saturday)

We wish him all the best.

For Redova Logistics Pvt Ltd,


Hariharan.N



Recruitment Lead - HR

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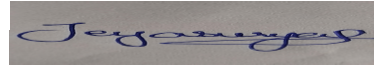
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DECLARATION

I **JEEVANANTHAM K (41410140)** hereby declare that the Project Report entitled “**A Study on Financial Performance Analysis Redova logistic Pvt Ltd. Chennai**” done by me under the guidance of **DR.DHIVYA SATHISH, MBA, M.Phil., Ph.D.at Redova Logistics Pvt Ltd, #43,8th Cross Street ,Thiru-Vi-Ka Industrial Estate,Guindy,Chennai-32** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05/05/2023

PLACE: CHENNAI

A rectangular box containing a handwritten signature in blue ink. The signature appears to be 'Jeevanantham K' written in a cursive style.

JEEVANANTHAM K

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of **SATHYABAMA** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

I convey my sincere thanks to **Dr. G. Bhuvaneswari, M.A, MBA, M.Phil.,Ph.D. Dean - School of Management Studies** and **Dr. A. Palani, Head - School of Management Studies** for providing me necessary support and details at the right time during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide **DR. DHIVYA SATHISH, MBA, M.Phil., Ph.D.** for her valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

I wish to express my thanks to all Teaching and Non-teaching staff members of the **School of Business Administration** who were helpful in many ways for the completion of the project.

JEEVANANTHAM K

ABSTRACT

The project titled "A Study on financial performance analysis" conducted in Redova Logistics to analyze the performance of an asset or fund is taken into account. The objective of this study is to determine the operational efficiency of the company using ratios, to know the changes in financial statement for the past 5 years by using working capital statement, to forecast the future changes using the trend analysis, to conduct fund flow statement for 2018-2022. The scope for this project is that the study covers all the components of current assets and current liabilities for the year 2018- 2022, the study also deals with the various ratios imparted in the organization, and the working capital is one of the dynamic and vital aspects of the business operation.

This project helps the company to achieve the objectives by using ratio analysis and then arriving at conclusions, which are important to understand the efficiency / inefficiency of Cash. It helps the company to analyze whether the cash required to meet out the current liabilities is maintained at a normal level that shows the company follows an average policy.

The firm has to invest enough funds in current asset for generating sales. Current asset are needed because sales do not convert into cash instantaneously. There is always an operating cycle involved in the conversion of sales into cash.

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CHAPTER 1 – INTRODUCTION

1.1 INTRODUCTION

DEFINITION OF FINANCE

According to Khan and Jain, “Finance is the art and science of managing money”. According to Oxford dictionary, the word ‘finance’ connotes ‘management of money’. Webster’s Ninth New Collegiate Dictionary defines finance as “the Science on study of the management of funds’ and the management of fund as the system that includes the circulation of money, the granting of credit, the making of investments, and the provision of banking facilities.

DEFINITION OF BUSINESS FINANCE

According to the Wheeler, “Business finance is that business activity which concerns with the acquisition and conversation of capital funds in meeting financial needs and overall objectives of a business enterprise”.

According to the Guthumann and Dougall, “Business finance can broadly be defined as the activity concerned with planning, raising, controlling, administering of the funds used in the business”.

In the words of Parhter and Wert, “Business finance deals primarily with raising, administering and disbursing funds by privately owned business units operating in nonfinancial fields of industry”.

Corporate finance is concerned with budgeting, financial forecasting, cash management, credit administration, investment analysis and fund procurement of the business concern and the business concern needs to adopt modern technology and application suitable to the global environment.

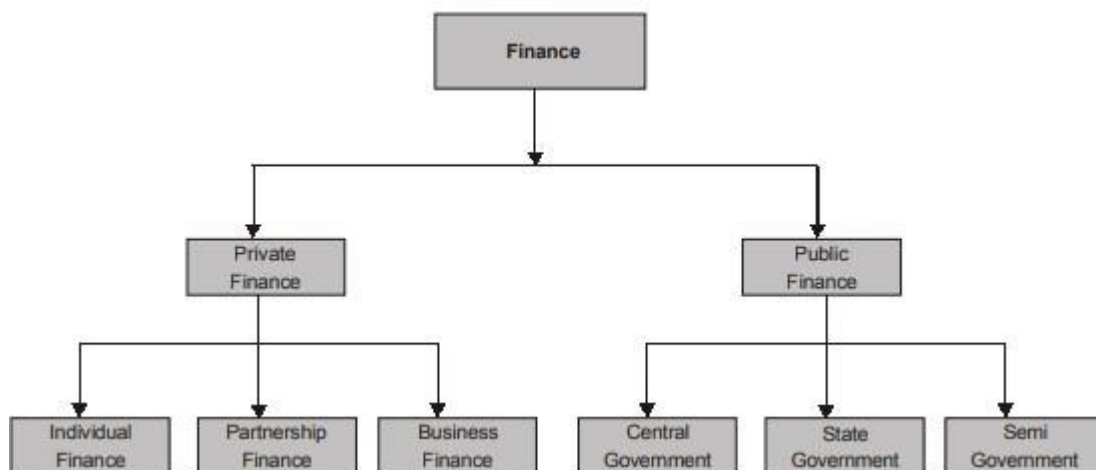
According to the Encyclopedia of Social Sciences, “Corporation finance deals with the financial problems of corporate enterprises. These problems include the financial aspects

of the promotion of new enterprises and their administration during early development, the accounting problem connected with the distinction between capital and income, the administrative questions created by growth and expansion, and finally, the financial adjustments required for the bolstering up or rehabilitation of a corporation which has come into financial difficulties.

TYPES OF FINANCE

Finance is one of the important and integral part of business concerns, hence, it plays a major role in every part of the business activities. It is used in all the area of the activities under the different names.

Finance can be classified into two major parts:



Private Finance, which includes the Individual, Firms, Business or Corporate Financial activities to meet the requirements.

Public Finance which concerns with revenue and disbursement of Government such as Central Government, State Government and Semi-Government Financial matters.

DEFINITION OF FINANCIAL MANAGEMENT

Financial management is an integral part of overall management. It is concerned with the duties of the financial managers in the business firm.

Howard and Upton: Financial management “as an application of general managerial principles to the area of financial decision-making.

Weston and Brigham : Financial management “is an area of financial decision-making, harmonizing individual motives and enterprise goals”.

Joshep and Massie : Financial management “is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations.

Thus, Financial Management is mainly concerned with the effective funds management in the business. In simple words, Financial Management as practiced by business firms can be called as Corporation Finance or Business Finance.

SCOPE OF FINANCIAL MANAGEMENT

Financial management is one of the important parts of overall management, which is directly related with various functional departments like personnel, marketing and production. Financial management covers wide area with multidimensional approaches. The following are the important scope of financial management.

- **Financial Management and Economics**

Economic concepts like micro and macroeconomics are directly applied with the financial management approaches. Investment decisions, micro and macro environmental factors are closely associated with the functions of financial manager. Financial management also uses the economic equations like money discount factor, economic order quantity etc. Financial economics is one of the emerging area, which provides immense opportunities to finance, and economical areas.

- **Financial Management and Accounting**

Accounting records includes the financial information of the business concern. Hence, we can easily understand the relationship between the financial management and accounting. In the olden periods, both financial management and accounting are treated as a same discipline and then it has been merged as Management Accounting because this part is very much helpful to finance manager to take decisions. But nowadays financial management and accounting discipline are

separate and interrelated.

- **Financial Management or Mathematics**

Modern approaches of the financial management applied large number of mathematical and statistical tools and techniques. They are also called as econometrics. Economic order quantity, discount factor, time value of money, present value of money, cost of capital, capital structure theories, dividend theories, ratio analysis and working capital analysis are used as mathematical and statistical tools and techniques in the field of financial management.

- **Financial Management and Production Management**

Production management is the operational part of the business concern, which helps to multiple the money into profit. Profit of the concern depends upon the production performance. Production performance needs finance, because production department requires raw material, machinery, wages, operating expenses etc. These expenditures are decided and estimated by the financial department and the finance manager allocates the appropriate finance to production department. The financial manager must be aware of the operational process and finance required for each process of production activities

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- **Financial Management and Marketing**

Produced goods are sold in the market with innovative and modern approaches. For this, the marketing department needs finance to meet their requirements. The financial manager or finance department is responsible to allocate the adequate finance to the marketing department. Hence, marketing and financial management are interrelated and depends on each other.

- **Financial Management and Human Resource**

Financial management is also related with human resource department, which provides manpower to all the functional areas of the management. Financial manager should carefully evaluate the requirement of manpower to each department and allocate the finance to the human resource department as wages, salary, remuneration, commission, bonus, pension and other monetary benefits to the human resource department. Hence, financial management is directly related with human resource management.

OBJECTIVES OF FINANCIAL MANAGEMENT

Effective procurement and efficient use of finance lead to proper utilization of the finance by the business concern. It is the essential part of the financial manager. Hence, the financial manager must determine the basic objectives of the financial management. Objectives of Financial Management may be broadly divided into two parts such as:

1. Profit maximization
2. Wealth maximization.

IMPORTANCE OF FINANCIAL MANAGEMENT

Finance is the lifeblood of business organization. It needs to meet the requirement of the business concern. Each and every business concern must maintain adequate amount of finance for their smooth running of the business concern and also maintain the business carefully to achieve the goal of the business concern. The business goal can be achieved only with the help of effective management of finance. We can't

neglect the importance of finance at any time at and at any situation. Some of the importance of the financial management is as follows:

Financial Planning

Financial management helps to determine the financial requirement of the business concern and leads to take financial planning of the concern. Financial planning is an important part of the business concern, which helps to promotion of an enterprise.

Acquisition of Funds

Financial management involves the acquisition of required finance to the business concern. Acquiring needed funds play a major part of the financial management, which involve possible source of finance at minimum cost.

Proper Use of Funds

Proper use and allocation of funds leads to improve the operational efficiency of the business concern. When the finance manager uses the funds properly, they can reduce the cost of capital and increase the value of the firm.

Financial Decision

Financial management helps to take sound financial decision in the business concern. Financial decision will affect the entire business operation of the concern. Because there is a direct relationship with various department functions such as marketing, production personnel, etc.

Improve Profitability

Profitability of the concern purely depends on the effectiveness and proper utilization of funds by the business concern. Financial management helps to improve the profitability position of the concern with the help of strong financial control devices such as budgetary control, ratio analysis and cost volume profit analysis.

Increase the Value of the Firm

Financial management is very important in the field of increasing the wealth of the

investors and the business concern. Ultimate aim of any business concern will achieve the maximum profit and higher profitability leads to maximize the wealth of the investors as well as the nation.

Promoting Savings

Savings are possible only when the business concern earns higher profitability and maximizing wealth. Effective financial management helps to promoting and mobilizing individual and corporate savings.

Nowadays financial management is also popularly known as business finance or corporate finances. The business concern or corporate sectors cannot function without the importance of the financial management.

1.2 INDUSTRY PROFILE

Logistics is regarded as the backbone of the economy, providing efficient and cost effective flow of goods on which other commercial sectors depend. Logistic industry in India is evolving rapidly, it is the interplay of infrastructure, technology and new types of service providers, which defines whether the logistic industry is able to help its customers reduce their costs in logistic sector and provide effective services.

Despite of the weak economic sentiments, the logistics industry continues to witness growth due to the growth in retail, e-commerce and manufacturing sectors. The Global Logistics sector was expected to grow 10-15% in the period 2022-23. Logistics industry is expected to reach over USD 2 billion by 2025. Rise of e-commerce logistics and increased domestic consumption will lead the way for the industry in the coming years. With a promise of growth and improvements, the service oriented logistics industry is ready to expand beyond the horizons in the latter half of this decade.

Recent scenario

The recent Indian logistics sector comprises of inbound and outbound segments of the manufacturing and service supply chains. Of late, the logistics infrastructure has gained a lot of attention both from business industry as well as policy makers. The role of managing this infrastructure, to effectively compete has been slightly under-

emphasized. Inadequate logistics infrastructure has an effect of creating bottlenecks in the growth of an economy. The logistics management regimen has the capability of overcoming the disadvantages of the infrastructure in the short run while providing cutting edge competitiveness in the long term. There exist several challenges and opportunities for logistics sector in the Indian economy.

Challenges faced by the recent logistics industry in India

The most essential challenge faced by the industry today is insufficient integration of transport networks, information technology and warehousing & distribution facilities. Regulations exist at a number of different tiers, is imposed by national, regional and local authorities. However, the regulations differ from city to city, hindering the creation of national networks.

Trained Manpower is essential both for the third party logistics sector as well as the manufacturing and retailing sectors, which is very weak at a practical level, i.e., IT, driving and warehouse as well as at a higher strategic level. The disorganized nature of the logistics sector in India, its perception as a manpower-heavy industry and lack of adequate training institutions has led to a shortfall in skilled management and client service personnel. There is a lack of IT standard, equipment and poor systems integration.

Popular Read: I have data. I need insights. Where do I start?

Poor facilities and management are the reason for high levels of loss, damage and deterioration of stock, mainly in the perishables sector. Part of the problem is insufficient specialist equipment, i.e. proper refrigerated storage and containers, but it is also partly down to lack of training. The practitioners and the academicians are now aware of the importance of logistics and supply chain; however the field is still under penetrated as far as research is concerned. It is essential to prioritize research and development so that the weaknesses in the industry can be taken care of and improved.

Solutions to some of the challenges

Infrastructure is the backbone of every country's growth and prosperity and for the

logistics industry to flourish special emphasis has to be on building world-class road networks, integrated rail corridors, modern cargo facilities at airports and creation of logistics parks which need to be given a status equivalent to Special Economic Zones.

It is necessary to realize that the benefits which can best be practiced in logistics industry can be brought about by the companies by establishing training intuitions, so that there is improvement in the overall service quality of the sector. Good storage and Warehousing facilities are important for the growth of the logistics industry. With the increase in the transportation of perishable products, the logistics agencies need to give a lot of importance to enhancing the Warehousing facilities.

Warehousing is required to go to the next level taking into account the changing dynamics of JIT manufacturing, global procurement and new models of sales and distribution. Emphasis on research and development is potent mainly because it encourages the use of indigenous technology which can make the industry cost competitive and can also bring about improvement in services thereby using better, effective and efficient services. Particular focus has to be on research in process excellence which can help to eliminate inefficiencies and bring Indian logistics on par with global practices.

Popular Read: Factors Influencing the Paradigm Shift in the Logistics Sector in India

Future prospects

The logistics firms are moving from a traditional setup to the integration of IT and technology to their operations to reduce the costs incurred as well as to meet the service demands. The growth of the Indian logistics sector depends upon its soft infrastructure like education, training and policy framework as much as the hard infrastructure.

To support India's fast paced economy growth of logistics industry is very essential. It is estimated that the Indian logistics industry will continue to show robust growth of 10-15% annually, leading the pace of growth of the economy at large.

The global economic outlook, indeed that of India is expected to significantly improve as India Inc begins to tackle the economic downturn. With a new government many policies are expected to be implemented which will give a fresh impetus to India's growth engine

particularly in the corporate and SME sector which in turn will expand demand for the logistics sector. With the implementation of GST, the logistics companies, which are currently forced to set up many small warehouses across multiple cities can set up just a few, big warehouses region wise and can follow the hub-and-spoke model for freight movement from the warehouses to the different manufacturing plants, wholesale outlets, retail outlets and the various POS. This growth is backed by the boom in the e-commerce sector and expansionary policies of the FMCG firms.

This has increased the service geography of the logistics firms but they also have to meet the demands of quick delivery and tight service level agreements. The industry has moved from being just a service provider to the position which provides end to end supply chain solutions to their customers. Thus, all this has paved the way for further growth of Logistics and Warehousing industry in the coming years.

1.3 COMPANY PROFILE

Redova Logistics Pvt Ltd was founded by logistics professionals in 2001 with a vision to be recognized as the most dependable and responsive logistics service provider. Survival of the fittest is more than apt in today's competitive world. One has to provide qualitative services at the most competitive prices at the right place & at the right time. For this you need to have a reliable service provider so that you can concentrate on your core competencies.

With Redova Logistics Pvt Ltd– the leading service provider with a full menu of logistics services–your business will boom. Our logistics services are at the forefront, offering state-of-the-art 3rd party and 4th party logistics solutions to all customers. Redova Logistics Pvt Ltd is structured to provide logistics and supply chain solutions to the growing global industry.

OUR STRENGTHS:

We have Logistics Engineering team to overview productivity and process review within the

warehouses , Cycle Count Team to monitor inventory integrity and MIS team to provide and design customized MIS. These are some of our key differentiator functions over the competition – enabling us to execute our promise to deliver continuous value.

Our performance in productivity, inventory integrity, resource quality and quantity are among the best in the industry. We rely heavily on customized MIS to demonstrate performance improvementson a continuous basis.

Crashing transaction times

Meeting agreed transaction times allow you to meet your delivery schedules. Improving these timesby increasing productivity sharpens warehouse throughput and makes your invoices payable early. Crashing times actually adds to your working capital.

We work on improving transaction cycle times by using modern Industrial Engineering techniques, as well as implementing learning achieved from experience and industry benchmarks.



On a larger plane - TTM (Time to Market), TTC (Time to Cash) etc. are our customer expectationsthat we have assisted them in bringing around remarkable results.

Innovative Solution

"Value addition" is the basis of any successful and sustained business relationship between twoentities.

Redova Logistics Pvt Ltd offers innovative solution as one such value addition to our customers,where we contribute to our customer's value chain not only as a one-time value addition but of a continual nature due to Redova Logistics Pvt Ltd tradition of improving it, with time.

Apart from the best in class performance which is a trademark Redova Logistics Pvt Ltd

service, a good example is the Redova Logistics Pvt Ltd "Business Industrial Engineering" (BIE) function which adds value to our customer businesses via innovative solutions upon and around their key W&D requirements of: Innovative Warehouse design to enable Higher though put at lesser costs. MHE and MSE selection to suit the Volume, flow (direction & magnitude) and cycle time metrics for Optimal Cost-Benefit ratio.

Distribution network design based on data analysis of our customer's transaction numbers. Continuous Improvement - Redova Logistics Pvt Ltd BIE function does this as a 'birth principle' than a customer need / expectation / requirement.

Managing Reliability in Processes

Redova Logistics Pvt Ltd recognizes the importance of stable processes in Warehousing and Transportation, which form most significant costs out of total Logistics costs.

Errors often creep even in routine transactions, the impact of which adversely affect customer satisfaction and may result in consequential problems of payment delays / defaults, loss of "repeat business" maybe profits as well.

Redova Logistics Pvt Ltd has been providing reliability levels of over 99+% to our customers with. We have achieved this based on our process flow mapping, mechanism to measure them and take proactive steps to improve them. SOPs, DPMs, Daily Exception reporting and management are some of the tools we will use to achieve the said reliability for you.

Redova Logistics Pvt Ltd cherishes dependability as one of the core values.

SERVICES

As more and more companies are migrating into the global marketplace, they've come to expect a freight forwarding service which is equal to the task of meeting their unique requirements. We are ready to answer that challenge with our vast network of international contacts and knowledge of the international freight forwarding.

- ❖ Door to Door Service
- ❖ Air Freight - Imports and Exports
- ❖ Sea Freight - Imports and Exports
- ❖ Multi-modal Transport
- ❖ Customs Clearance

Air Freight



Our airfreight services help you to ship your cargo to almost every destination worldwide.

Our specialists have many years of experience in the area of air cargo shipments. And with our good connection with major worldwide carriers, we are able to offer the best solution to compete with time, safety, cost and space.

Our focus is on prompt and timely delivery of your shipments along with constant communications so that you are in control of your cargo at all times.

Our services include:

- Import Cargo
- Handling Export Cargo Handling
- Import and Export cargo
- Consolidation Dangerous and Valuable Cargo

Sea Freight



Through our network of experienced professionals, strong world shipping connections and extreme flexibility, we are able to specifically respond to whatever your shipping needs may be.

Our experience, local market know-how, partnership with carriers, global network lets you take advantage of the following:-

Our services include:

- Full Container Load(FCL)
- Less than container
- Load (LCL) Buyer consolidation
- Direct &Transshipment service
- Optionsport to port services
- Door to Door
- ServicesBreak Bulk

- o Efficient load capacities
- o Routing geared to meet your time\cost requirements
- o Competitive prices
- o Flexible schedules

Project Cargo Handling



The complex requirements that encompass Project Cargo execution requires 'out of the box' thinking in order to create and implement effective solutions

We provide the specialized expertise such as logistics capabilities, precise timing, wide geographical knowledge, and global connections to coordinate project cargo movements from origin to destination.

Our project handling capabilities include:

- Freight negotiation (COA negotiation, long term rate validities).
- Special equipment transport (flat racks, open tops, hard top platforms solution).

2. Third Party Logistics

Redova Logistics Pvt Ltd is one source for comprehensive logistics services. Our established operations offer supply chain, transportation and inventory management, warehousing operations, reverse logistics and more -- all custom-tailored to the individual needs of our customers. Our in-house consultants and operations experts provide valuable experience and expertise in a wide variety of areas including IT, automotive and e-commerce. The warehouses are equipped with the best material handling and storage equipment, controlled by an in-house developed Warehouse Management System.

Inbound Logistics



- Planning
- Purchase Order Management
- Milk Route Collections
- Hub & Spoke model for Consolidation
- Container Movement
- Stores Management and Line Feeding
- Just In Time Inventories
- Vendor Managed Inventories
- Performance Analysis and Process Optimization
- Space Management
- Planning & Forecasting
- Excise & Octroi

- Consolidation Centers
- Line Feeding
- Transportation

Outbound Logistics

- Setting up a Distribution network
- Providing certainty and committed service levels.
- Shared Public Warehouses
- Optimization to bring down Total Transaction Cost
- Pre Delivery Inspection
- Packaging
- Accessory fitting
- Audit
- Storage
- Inventory
- Invoicing
- Dispatch

Reverse Logistics



- After Sales
- Customer Feedback
- Claims Settlement
- Receiving
- Quality
- Payment
- From warehousing to transportation, our process strength and operational excellence extends to all core functions of contract logistics.

- We combine warehousing, transportation and value-added services to ensure a custom fit. Our facilities share common processes and systems, so you receive consistent reporting in addition to dependable customer service. IT enablers like Warehouse Management Systems simplifies all data exchange.
- We invest time and expertise to fully understand your business before designing plans to improve your supply chain. We take responsibility for the performance of all our suppliers and for ensuring availability of resources and equipment needed to control the flow of goods under our charge.

We seek to deliver advanced customer service quality by:

- Customizing dedicated facility or flexible shared facilities
- Optimizing performance of your existing assets. We are happy to work from your facilities if it increases efficiency.

Our services deliver:

- Inventory integrity
- Shorter lead times
- Increased productivity
- Greater responsiveness
- Fast and reliable start-ups
- Flexibility to meet growing volumes and resultant peaks and valleys
- Recruitment, training and motivation of workforces
- Transfer of industry best practices from other sectors and regions
- Rock-solid record keeping
- Transaction integrity
- Transaction history record keeping
- Comprehensive menu of standard reports

3. Warehousing and Distribution Services

Our range of warehouse offerings is amongst the most diverse in India. We provide the following types of warehousing services:

- Dedicated Warehouses
- Shared-user Warehouses
- Limited term project centric warehouses.

Dedicated Warehouses

Best in class solutions

Customized to meet your specific requirements of design, layout, storage and handling, we can setup dedicated warehouses wherever you wish.

We are mobile, flexible and ready to go. From concept to operations, we use modeling to find an optimal location, identify the real estate using our database, and define the necessary systems and operating structure. We work closely with you right through the design and layout stages.

Our project management team integrates facility and systems operations and resource planning before hand over. Your distribution centre functions smoothly and you get visibility of the project from the very beginning.

Shared Warehouses

Flexibility all the way

Our Shared logistics facilities provide you flexibility on space and services without a sizable investment and long-term commitment.

These facilities can receive products and provide downstream distribution. Through shared resources - space, overheads, labour and equipment - our customers benefit from synergies that significantly reduce supply chain costs and improve efficiencies dramatically. Smaller businesses requiring distribution operations without long-term lease or capital commitments can benefit from this. As can larger enterprises for a new acquisition, product launch or seasonal overflow. Leading manufacturers and retailers of the Automotive, Telecom and Retail, among other sectors, use our services.

In-Plant

Taking charge, giving control

We offer a range of programs within our customers' facilities. We can support your team – or by your team – by handling such tasks as labour or yard management, packing, designing, container stuffing, line feeds, water spider maintenance, and just-in-time deliveries.

We help you cut costs, increase productivity, and get the best out of your most valuable resource - your people. Quality and safety are part of our culture and we invest a substantial amount of time building consistent processes, aligned with your best practices and training, to achieve our goals of zero recordable incidents.

4. Installation Support Logistics

Our support to Installation Engineers combines several critical functions involving warehouse, transportation, up-lifting expertise and on site marshalling of manpower and lifting equipment.

The installation material is typically delicate, large, unwieldy and heavy and needs care for material and building protection. We also take care of local permissions.

We have special teams providing Telecom Installation Support logistics. Our flexible response to severe transaction skew is greatly appreciated by our clients. We have a large vendor base which allows us to scale up on demand. Our transportation management skills and computer software allow us to meet these requirements. We run complex programs that ensure high levels of accuracy. We also manage local and specialized deliveries - from coordinating and training staff on product installation to retail merchandising and more. These include customized inside-the-home deliveries and installation services.

Our proven transportation solutions coupled with local market intelligence helps us in delivering these capabilities:

- Dependable Vendor Management
- Route understanding, planning & optimization
- Octroi Management
- Milk-Run Management
- Multi-Point Distribution Management

1.4 Objectives of the study

PRIMARY OBJECTIVES:

To study the financial performance analysis of Redova logistics

SECONDARY OBJECTIVES:

1. To determine the operational efficiency of the company using ratios.
2. To analyses interpret and to suggest the operational efficiency of the Redovo logistics by comparing the balance sheet& profit & loss A/c
3. To critically analyses the financial performance of the Redovo logistics . With Help of the ratios.
4. To examine the financial performance of the Redovo logistics. for the period of 2018 to 2022.

1.5 NEED FOR THE STUDY:

- To understand that an ongoing approach to the problem is essential and that short term responses may have negligible effect.
- Data such as savings ratio, debt-to-income ratio, self-evaluation of the productivity, performance rating, and absenteeism are difficult to gather as individuals may not know the exact figures of each category or may not want to reveal this information

1.6 SCOPE OF STUDY

- The study covers all the components of current assets and current liabilities for the year 2018-2022
- The study also deals with the various ratios imparted in the organization.
- The working capital is one of the dynamic and vital aspects of the business

CHAPTER 2-

REVIEW OF LITERATURE

1. The Life Cycle of Hedge Funds: Fund Flows, Size and Performance

Author :MilaGetmanskyy

This Draft: January 16,

2004

Since the 1980s we have seen a 25% yearly increase in the number of hedge funds, and an annual attrition rate of 7.10% due to liquidation. This paper analyzes the life cycles of hedge funds. Using the TASS database provided by the Tremont Company, it studies industry and fund specific factors that affect the survival probability of hedge funds. The findings show that in general, investors chasing individual fund performance decrease probabilities of hedge funds liquidating. However, if investors follow a category of hedge funds that has performed well, then the probability of hedge funds liquidating in this category increases. We interpret this finding as a result of competition among hedge funds in a category. As competition increases, marginal funds are more likely to be liquidated than funds that deliver superior risk-adjusted returns. We also find that there is a concave relationship between performance and assets under management. The implication of this study is that an optimal asset size can be obtained by balancing out the effects of past returns, fund flows, market impact, competition and favorable category positioning that are modeled in the paper. Hedge funds in illiquid categories are subject to high market impact, have limited investment opportunities, and are more likely to exhibit an optimal size behavior compared to those in more liquid hedge fund categories.

2. Style drift, fund flow and fund performance: new cross-sectional evidence

Author: Kathryn A. Holmes, Robert W. Faff*

The linkages between style change, fund flows, fund size, and resulting fund performance are Complex and not clearly understood. In this paper, we investigate these relationships using a sample of Australian multi sector trusts over the sample period 1990 to 1999. We employ a range of fund performance measures of stock selectivity. We find

that levels of style drift are positively related to selectivity performance, but are not related to fund flows. We also find that fund size is positively related to fund performance and negatively related to expense ratios. Implications of our findings for investors are identified in the paper.

Fund Sources and Fund Flow Mechanism

The main sources of fund for the program will be UNDP and IDA/World Company. The program will follow the GoN's Rural Energy Policy (2006) and Subsidy Policy for Renewable Energy (2006) to implement its initiatives. UNDP will provide technical assistance which will be directly channelled through the PMU. The World Company's fund will be channeled through AEPC which will be allocated to implement district level activities under grant/subsidy policy of the Government to install Micro Hydro Schemes. Flow of fund is contingent upon the approval of Annual and Quarterly Work Plan by the PEB. For UNDP's fund, the PMU will prepare quarterly plan according to the NEX/NIM modality. Based on the approved quarterly work plan, the NPM will request UNDP for quarterly advances. Yearly advance of IDA/WB fund will be delivered as grant to DEF through District Development Fund (DDF) upon the approval of PEB. For channelling of fund from AEPC to DEF, the AEPC and respective DDC will sign a Memorandum of Understanding (MOU) based on the approved work plan. In addition, as practiced in REDP, DDC will continue to allocate 5% of its resources for renewable energy related project in the proposed project sites. Similarly, the budget for activities to be implemented directly by RERL Kathmandu Office will be deposited into RERL account.

The project fund will channelize from RERL to DEF as per the work plan. As per the current practice, the EDO and LDO will be the signatories for the operation this account. At the district level, the fund will flow from DEF to the accounts of the Support Organization and Functional Groups under MOUs between DDC and concerned parties. EDO and Coordinator of SO will be the signatories of SO account. Similarly, the EDO and Chairperson or Manager of FG will be the signatories of FG accounts.

Working capital policy refers to the firm's policies regarding 1) target levels for each category of current operating assets and liabilities, and 2) how current assets will be financed. Generally good working capital policy (i.e. under conditions of certainty) is considered to be one in which holdings of cash, securities, inventories, fixed assets, and accounts payables are minimized. The level of accounts receivables should be used as a means of stimulating sales and other income. Previous literature on working capital management has found a negative association, overall, between level of working capital and operating performance as measured by operating returns and operating margins (Peterson and Rajan, 1997). Under conditions of certainty (i.e. sales, costs, lead times, payment periods, and so on, are known), firms have little reason to hold more working capital than a minimum level. Larger amounts would increase the level of operating assets, increase the need for external funding, resulting in lower return on assets and a lower return on equity, without any increase in profit.

However the picture changes when uncertainty (i.e. uncertain growth) is introduced (Brigham and Houston, 2000). Larger amounts of cash, securities, accounts receivables, marketable securities, inventories, and fixed assets will be needed to support increased sales. Required levels will be based on expected sales levels and expected order lead times. Additional holdings may be needed to enable the firm to deal with departures from the expected values. Further, firms will also attempt to increase their accounts payable balances as a means of financing increased levels of current operating assets. Firms which are in high growth stages will face the challenge of maintaining the necessary level of operating assets to support subsequent growth, while at the same time attempting to maintain adequate performance indicators.

This study focuses on understanding how IPO companies manage their working capital and other balance sheet items to support subsequent growth. This study supports the existing literature on working capital and contributes to the existing literature by examining a sample of firms (i.e. recent IPO firms) which have a wider range of growth levels than non-IPO firms. Our study examines the impact of working capital management on the operating performance and growth of new public companies. The study also examines these relationships under three categories of growth (i.e. negative growth, moderate growth, and high growth). The study also examines other selected firm

characteristics in light of working capital management: firm operating and financial risk, amount of debt, firm size, and industry.

An underlying theme of this study is that high growth certainly does not ensure high operating performance. Consistent with prior research (Peterson and Rajan, 1997) this study provides further evidence that good working capital management is positively associated with better operating performance. Higher levels of accounts receivable are associated with higher operating performance, in all three of the growth rate categories. The study also finds that maintaining control over levels of cash, securities, inventory, fixed assets, and accounts payables is associated with higher operating performance. We find that firms which are experiencing very high growth will hold higher levels of cash, securities, inventory, fixed assets, and accounts payable to support the high growth. The study suggests that these firms are sacrificing operating performance (accepting lower operating returns) to support the high growth. This, in turn, increases financial and operating risk for these firms. Perhaps IPO firms should stay more focused on their operating performance, while maintaining more moderate growth levels.

The study of **(Shin & Soenen, 2002)** consistent with later study on the same objective that done by **(Deloof, 2003)** by using sample of 1009 large Belgian non-financial firms for the period of 1992-1996. However, **(Deloof, 2003)** used trade credit policy and inventory policy are measured by number of days accounts receivable, accounts payable and inventories, and the cash conversion cycle as a comprehensive measure of working capital management. He founds a significant negative relation between gross operating income and the number of days accounts receivable, inventories and accounts payable. Thus, he suggests that managers can create value for their shareholders by reducing the number of days accounts receivable and inventories to a reasonable minimum. He also suggests that less profitable firms wait longer to pay their bills.

In other study, **(Lyroudi & Lazaridis, 2000)** use food industry Greek to examined the cash conversion cycle (CCC) as a liquidity indicator of the firms and tries to determine its relationship with the current and the quick ratios, with its component variables, and investigates the implications of the CCC in terms of profitability, indebtedness and firm size. The results of their study indicate that there is a significant positive relationship between the cash conversion cycle and the traditional liquidity measures of current and quick ratios. The cash conversion cycle also positively related to the return on assets and the net profit margin

but had no linear relationship with the leverage ratios. Conversely, the current and quick ratios had negative relationship with the debt to equity ratio, and a positive one with the times interest earned ratio. Finally, there is no difference between the liquidity ratios of large and small firms.

Working capital policy refers to the firm's policies regarding 1) target levels for each category of current operating assets and liabilities, and 2) how current assets will be financed. Generally good working capital policy (i.e. under conditions of certainty) is considered to be one in which holdings of cash, securities, inventories, fixed assets, and accounts payables are minimized. The level of accounts receivables should be used as a means of stimulating sales and other income. Previous literature on working capital management has found a negative association, overall, between level of working capital and operating performance as measured by operating returns and operating margins (Peterson and Rajan, 1997). Under conditions of certainty (i.e. sales, costs, lead times, payment periods, and so on, are known), firms have little reason to hold more working capital than a minimum level. Larger amounts would increase the level of operating assets, increase the need for external funding, resulting in lower return on assets and a lower return on equity, without any increase in profit.

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levels than non-IPO firms. Our study examines the impact of working capital management on the operating performance and growth of new public companies. The study also examines these relationships under three categories of growth (i.e. negative growth, moderate growth, and high growth). The study also examines other selected firm characteristics in light of working capital management: firm operating and financial risk, amount of debt, firm size, and industry.

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CHAPTER 3-

RESEARCH METHODOLOGY

3.1 RESEARCH

Research is an organized, systematic, database, critical, objective, scientific, inquiry or investigation into a specific problem, undertaken with the purpose of finding answer or solutions to it. Emory defines research as, “any organized inquiry designed and carried out to provide information for solving a problem”

3.2 RESEARCH DESIGN

Research design is specification of methods and procedures for acquiring the information needed to structure or to solve problem.

Research design is defined as, “the arrangement of condition for collection and analysis of the data in a manner that aims to combined relevant to the research purpose with economy in procedure”

Analytical research technique was adopted in this project. The researcher used analytical type of research to analyze the past data based on which certain future decision can be made.

3.3 SOURCE OF DATA

SECONDARAY DATA

These data, which have already been collected, complied and presented earlier by any agency, may be used for the purpose of investigation. Such data may be called secondary data. Secondary data may earlier be published data or unpublished data. Usually published data are available in annual report.

3.4 LIMITATIONS OF THE STUDY

- The study mainly depends on the secondary data taken from annual report and internal records of the company.
- The figures taken from the financial statement for analysis were historical in nature.
- The study is confined to a short period of 4 months. This would not picture the exact position of company.
- In depth analysis of data is not possible due to time constraint.
- Some of the data has not given by the company due to maintenance of financial secrecy.

3.5 ANNUAL REPORT

It provides all the information about the company for the accounting period. This enables to understand the existing performance of the company.

3.6 TOOLS USED FOR THE STUDY

1. Charts (Column chart) and tables were used for ratio analysis of data.
2. The period of study was 2018-22 financial years only

CHAPTER – 4

DATA ANALYSIS AND INTERPRETATION

4.1 RATIO ANALYSIS

Current Ratio:

Current ratio is calculated by dividing current assets by current liabilities.

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

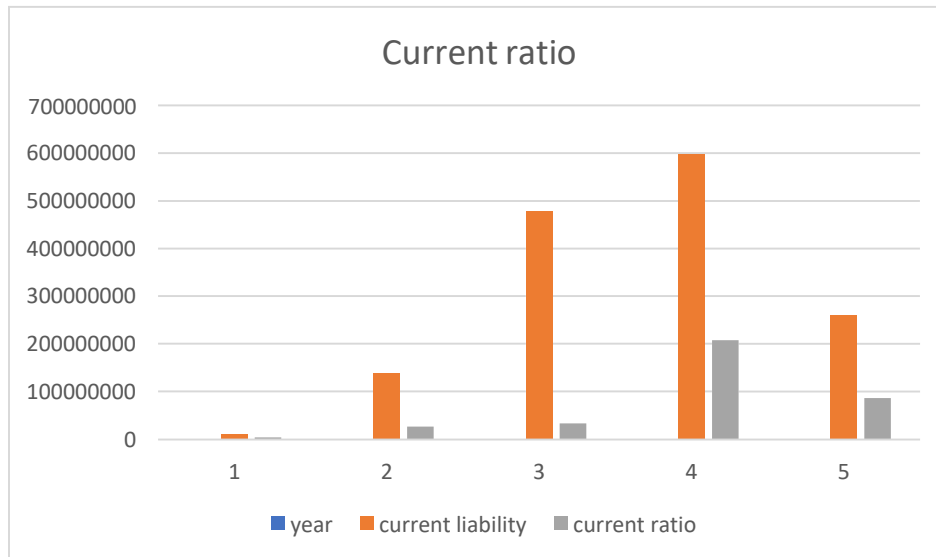
TABLE – 4.1.1

Current Ratio			
Year	Current Assets	Current Liability	Current Ratio
2018	9,611,759.00	3,999,555.00	2.4
2019	138,260,548.00	26,511,765.00	5.22
2020	478,357,785.00	33,420,740.00	14.31
2021	597,917,087.00	207,403,273.00	2.88
2022	259,513,175.00	85,966,257.00	3.02

(Source: Annual Reports)

Graphical Representation of Current Ratio

Graph No.4.1.1



INTERPRETATION:

The above table and diagram showed the current ratio of five years (2018-22). The Current Ratio of Redovo Logistics Limited varied from 2.4 to 3.02 with an average of 25.41 the solvency position of Redovo Logistics Limited. In terms of current ratio was above the standard norm volume of 2:1 for the entire period. The Current ratio in the year 2020 is 14.31 which came down to 2.88 in the year 2021. This shows utilization of idle funds in the company.

INFERENCE

14.31 shows utilization of idle funds in the company.

QUICK RATIO:

The Formula for calculating Quick ratio is as follow:

(Quick Assets =Current Assets-Inventories)

Quick Assets

Quick Ratio=-----

Current Liabilities

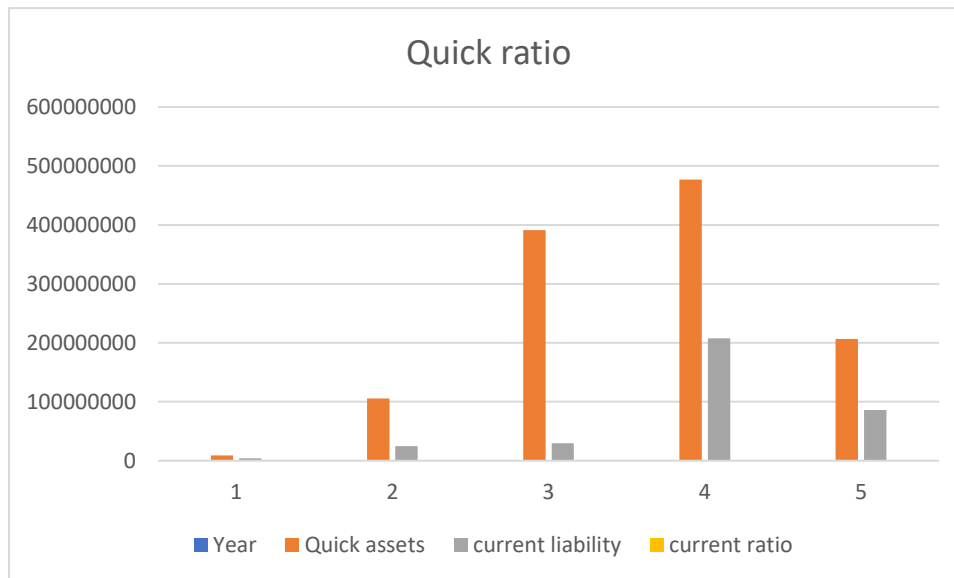
TABLE 4.1.2

Quick Ratio:			
Year	Quick Assets	Current Liability	Current Ratio
2018	9,073,408.00	3,893,759.00	2.33
2019	105,696,012.00	24,774,036.00	4.27
2020	391,035,508.00	29,684,351.00	13.17
2021	477,061,275.00	207,403,273.00	2.3
2022	206,356,413.00	85,966,257.00	2.4

(Source: Annual Reports)

Graphical Representation of Quick Ratio

Graph No.4.1.2



INTERPRETATION:

The above table and diagram shows the Quick Ratio of five years (2018-2022). As per the annual reports the ideal Ratio is not 1:1 in any financial year. The high Quick Ratio indicates that the firm has the ability to meet its current liabilities. It confirms that the liquidity position of Redovo Logistics Ltd. In terms of quick ratio were more than the above standards.

INFERENCE

13.17 In terms of quick ratio were more than the above standards.

Cash Ratio:

The Formula for calculating Cash Ratio is as follows:

$$\text{Cash Ratio} = \frac{\text{Cash + Marketable Securities}}{\text{Current Liabilities}}$$

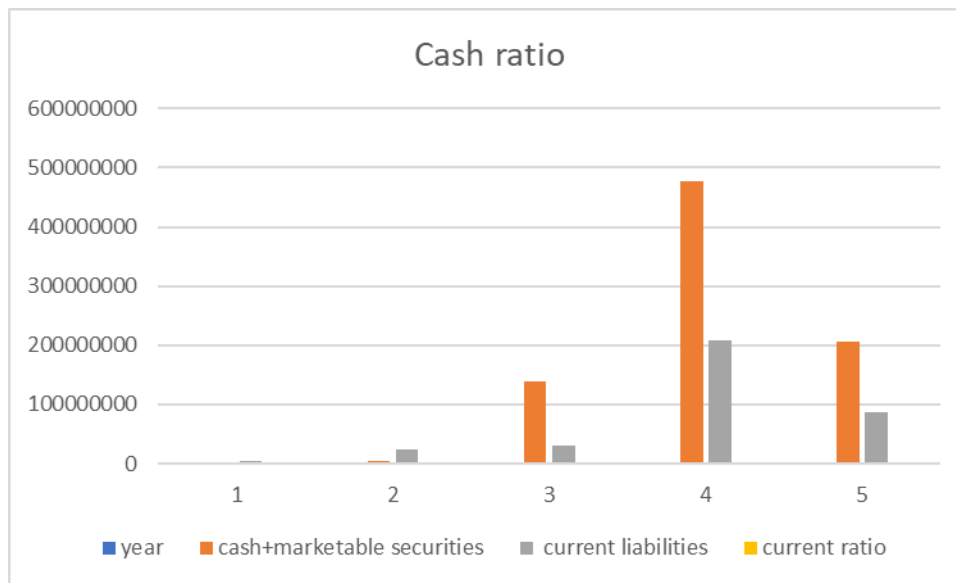
TABLE – 4.1.3

Cash Ratio:			
year	(Cash+ Marketable Securities)	Current liabilities	Current ratio
2018	407,457.00	3,893,759.00	0.1
2019	3,690,318.00	24,774,036.00	0.15
2020	138,788,265.00	29,684,351.00	4.68
2021	477,061,275.00	207,403,273.00	2.3
2022	206,356,413.00	85,966,257.00	2.4

(Source: Annual Reports)

Graphical Representation of Cash Ratio

Graph No.4.1.3



INTERPRETATION:

The above table and diagram shows Cash Ratio indicates that the capacity of the company to realize current liabilities with its liquidity position. In the above table the Cash Position Ratio of Five Years (2018-2022). The Cash Ratio of Redovo Logistics Ltd. has undergone many fluctuations. It started with very low ratio at first by 0.10 in the year 2018; it was highly increased to 4.68 in the year 2020 and again fallen down to 2.4 in the year 2022.

INFERENCE

it was highly increased to 4.68 in the year 2020

LEVERAGE OR CAPITAL STRUCTURE RATIO:

Debt Equity Ratio:

The Formula for calculating Debt Equity Ratio is on follows:

Total Liabilities

Debt Equity Ratio=-----

Shareholder's Funds or Net Worth

Shareholders' Fund includes Share Capital, Reserves and P & L A/c

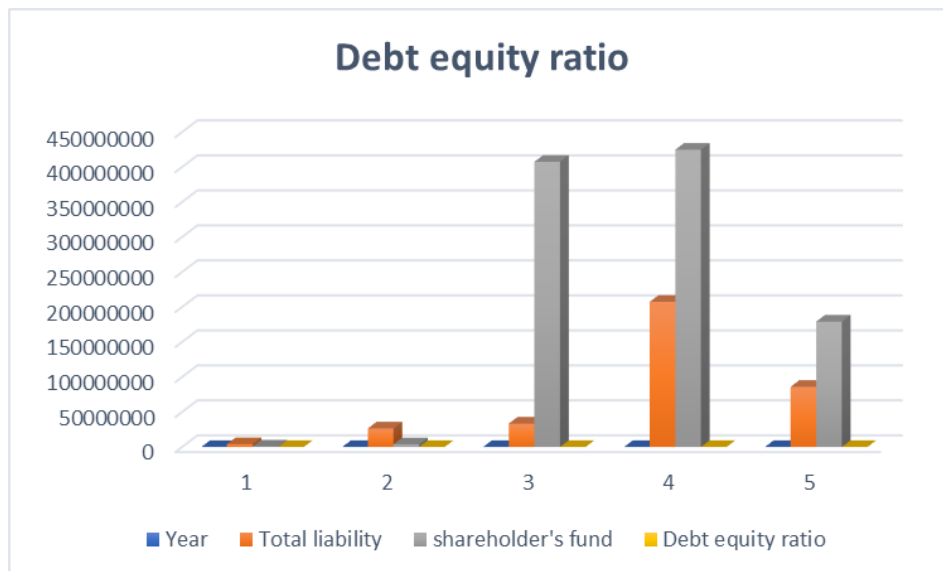
TABLE – 4.1.4

Debt Equity Ratio			
Year	Total Liability	Shareholders' Fund	Debt Equity Ratio
2018	3,999,555.00	621,067.00	6.44
2019	26,511,765.00	3,831,775.00	6.92
2020	33,420,740.00	407,431,187.00	0.08
2021	207,403,273.00	424,727,372.00	0.49
2022	85,966,257.00	179,156,303.00	0.48

(Source: Annual Reports)

Graphical Representation of Debt Equity Ratio

Graph No- 4.1.4



INTERPRETATION:

This Ratio is calculated to assess the ability of the firm to meet its long term liabilities. Generally, debt equity ratio of is considered safe. The standard norm for the ratio is 2:1. The actual debt-equity ratio in the above table shows, the first two years less than the standard ratio after the ratio has decreased from 6.44 in 2018 to 0.08 in 2020 and again raises to 0.49 and 0.48 in the 2021 and 2022 respectively. This indicates from the study that the firm tries to reduce the debt and reducing financial risk of the firm when both ratios of the year 2018 and 2022 are compared.

INFERENCE

financial risk of the firm when both ratios of the year 2018 and 2022 are compared.

Proprietary Ratio:

The Formula for calculating Proprietary Ratio is as follows:

$$\text{Proprietary Ratio} = \frac{\text{Shareholder's Funds}}{\text{Total Assets}}$$

Shareholders' Fund = Preference Share Capital + Equity Share Capital
+ All Reserves and Surplus

Total Assets = Tangible Assets + Non-Tangible Assets + Current Assets (or) All Assets including Goodwill

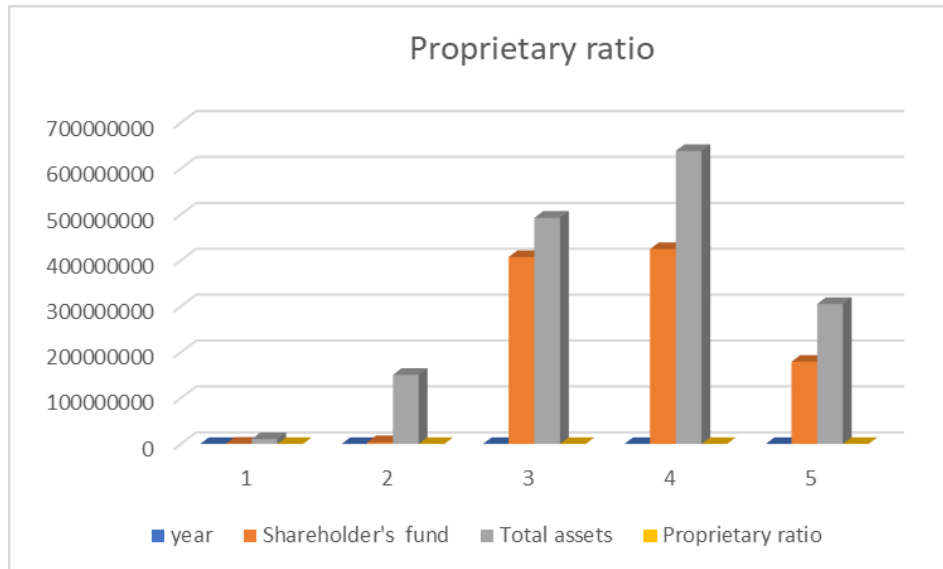
TABLE:4.1.5

Proprietary Ratio			
Year	Shareholders' Fund	Total Assets	Proprietary Ratio
2018	621,067.00	10,556,873.00	0.06
2019	3,831,775.00	150,725,802.00	0.03
2020	407,431,187.00	492,987,127.00	0.83
2021	424,727,372.00	638,489,824.00	0.67
2022	179,156,303.00	304,920,525.00	0.59

(Source: Annual Reports)

Graphical Representation of Proprietary Ratio

Graph No- 4.1.5



INTERPRETATION:

The above table shows the Proprietary Ratio of five years that is from 2018-2022 of Redovo Logistics Ltd. This ratio is used to determine the financial stability of the concern in general. Proprietary Ratio indicates the share of owners in the total assets of the company. In the first two years the ratio is low i.e., 0.06 and 0.03 in 2018 and 2019 respectively; this indicates that long-term loans are less secured and they face the risk of losing their money. It is increased in the year 2020, which means a firm is less dependent on external sources of finance.

INFERENCE

It is increased in the year 2020

Capital Gearing Ratio:

The Formula for calculating Capital Gearing Ratio is as follows:

Capital Gearing Ratio =	$\frac{\text{Equity Share Capital} + \text{Reserves} + \text{P\&L Balance}}{\text{Fixed cost Bearing Capital}}$
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Fixed Cost Bearing Capital = Preference Share Capital + Debentures + Long Term Loan

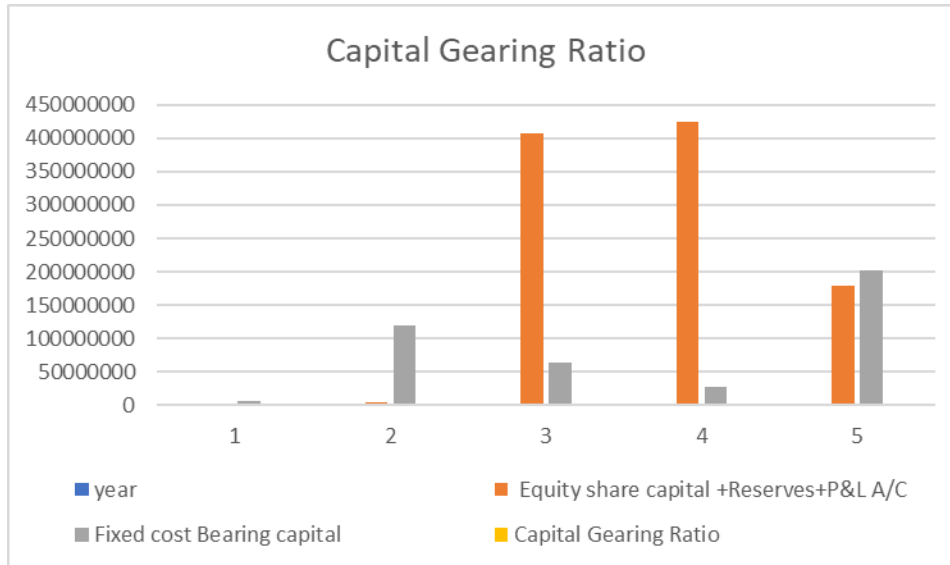
TABLE – 4.1.6

Capital Gearing Ratio			
Year	Equity share capital+Reserves+P&L A/c	Fixed cost Bearing Capital	Capital Gearing Ratio
2018	621,067.00	6,088,961.00	0.1
2019	3,831,775.00	120,006,810.00	0.03
2020	407,431,187.00	64,049,237.00	6.36
2021	424,727,372.00	27,321,811.00	15.55
2022	179,156,303.00	201,478,612.00	0.89

(Source: Annual Reports)

Graphical Representation of Capital Gearing Ratio

No- 4.1.6



INTERPRETATION:

The above table shows the Capital Gearing Ratio of five (2018-2022). Capital Gearing Ratio of Redovo Logistics Ltd. If the amount of fixed cost bearing capital is more than (the equity share capital including reserves and undistributed profits), it will be called high capital gearing and if it is less, it will be called low capital gearing. In the year 2018, 2019 and 2022 the ratio is 0.1, 0.03 and 0.89 it shows the company is facing high capital gearing. In the year 2020 and 2021 the ratio is 6.36 and 15.55 it shows the company is facing low capital gearing.

INFERENCE

2021 year 15.55 it shows the company is facing high capital gearing.

ACTIVITY RATIO OR TURNOVER RATIO

Average Collection Period:

The Formula for calculating Average Collection Period is as follows Formula is:

$$\text{Average Collection Period} = \frac{\text{Debtors + Bills Receivable}}{\text{Credit Sales per day}}$$

Here, Credit Sales per day= Net Credit Sales of the year/365

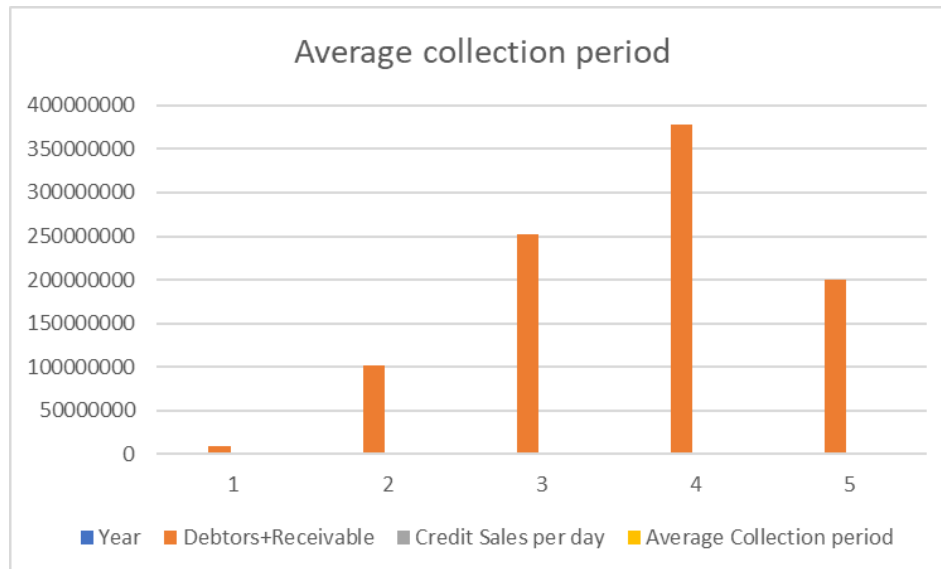
TABLE – 4.1.7

Average Collection Period			
Year	Debtors + Bills Receivable	Credit Sales per day	Average Collection Period
2018	86,65,951.00	23,742.33	3.65
2019	10,20,05,694.00	52,376.47	19.48
2020	25,22,47,243.00	2,26,980.12	11.11
2021	37,83,60,320.00	31,717.06	119.29
2022	19,98,98,640.00	25,190.64	79.35

(Source: Annual Reports)

Graphical Representation of Average Collection Period

NO:4.1.7



INTERPRETATION:

The above table and diagram shows the relationship between Debtors + Bills Receivable and Credit Sales per day. In the year 2018, 2019, 2020, 2021 and 2022 the Average Collection Period of the company in the year 2018 the ratio is 3.65 and the ratio goes to 19.48 in the year 2019 the ratio decreases in 2020 to 11.11 and again ratio increases to 119.29 in 2021 from 119.29 comes down to 79.35 in the year 2022.

INFERENCE

Ratio increases to 119.29 in 2021.

Proprietary Ratio:

The Formula for calculating Proprietary Ratio is as follow:

Shareholder's Funds

Proprietary Ratio=-----

Total Assets

Shareholder's Fund=Preference Share capital +Equity Share Capital +All Reserves and surplus

Total Assets =Tangible Assets +Non-Tangible Assets +Current Assets (or)All Assets including Goodwill

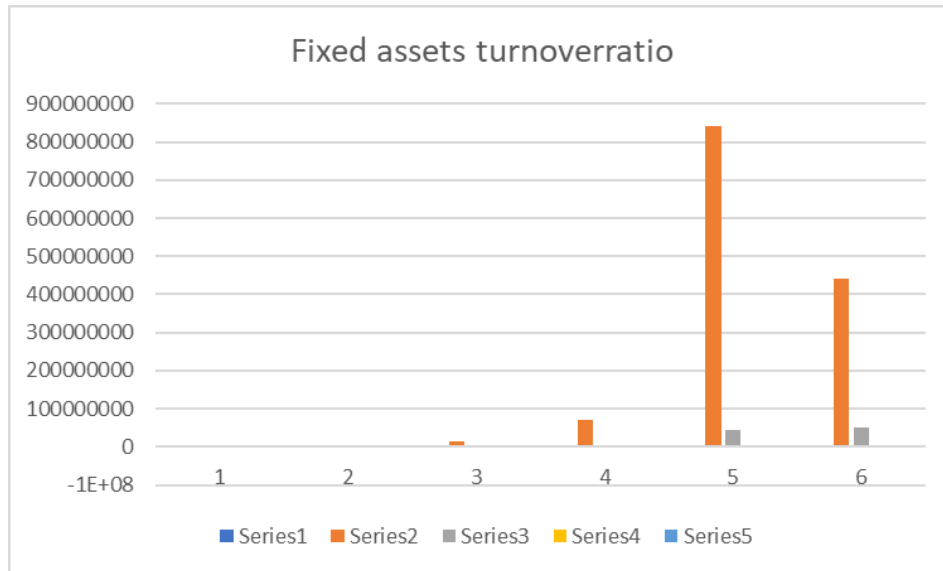
TABLE – 4.1.8

Fixed Assets Turnover Ratio			
Year	Cost of Goods Sold	Net Fixed Assets	Fixed Assets Turnover Ratio
2018	(17,635.00)	1,07,337.00	-0.16
2019	1,41,53,984.00	10,80,322.00	13.10
2020	7,19,33,592.00	35,45,677.00	20.29
2021	84,15,71,444.00	4,45,86,237.00	18.88
2022	44,17,34,481.00	4,94,20,850.00	8.94

(Source: Annual Reports)

Graphical Representation of Fixed Assets Turnover Ratio Graph

No- 4.1.8



INTERPRETATION:

The above table and diagram shows the relationship between costs of goods sold and Net Fixed Assets. In the year 2018 - 0.16 the company has not utilized the fixed assets. In the year 2019 the ratio has been increased to 13.10 and in the year 2020 the sales has been increased a lot. It shows that a sale is 4 times more than fixed assets. 20.29 again decrease to 18.88 and 8.94 in the year 2021 and 2022.

INFERENCE

2020 the sales has been increased a lot.

Working Capital Turnover Ratio:

The Formula for calculating Working Capital Turnover Ratio is as follows Formula is:

$$\text{Working Capital Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Working Capital}}$$

Here, Cost of Goods Sold = Opening Stock + Purchases + Carriage + Wages
+ Other Direct Expenses – Closing Stock

Working Capital = Current Assets – Current Liabilities

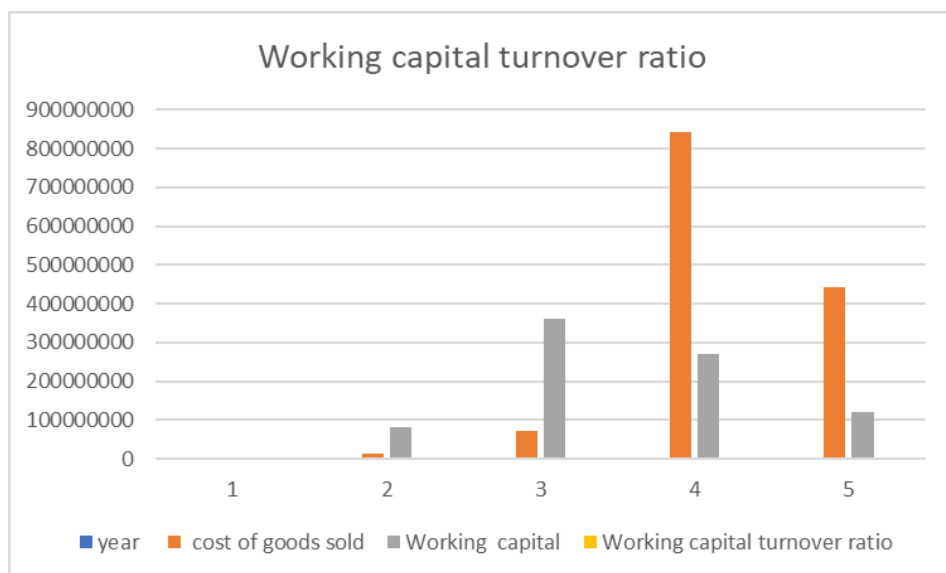
TABLE – 4.1.9

Working Capital Turnover Ratio			
Year	Cost of Goods Sold	Working Capital	Working Capital Turnover Ratio
2018	(17,635.00)	51,79,649.00	0.00
2019	1,41,53,984.00	8,09,21,976.00	0.17
2020	7,19,33,592.00	36,13,51,157.00	0.20
2021	84,15,71,444.00	26,96,58,002.00	3.12
2022	44,17,34,481.00	12,03,90,156.00	3.67

(Source: Annual Reports)

Graphical Representation of Working Capital Turnover Ratio

Graph No- 4.1.9



INTERPRETATION:

In the above Table and Chart the velocity of the utilization of Working Capital ratio have been observed that in the year 2018 it is showing the negative percentage that is 0.00 and from the year 2019 the ratio is been increased to 0.17, and constantly increasing until 2022 which means that the working capital turnover ratio has been used efficiently in the business.

INFERENCE

2022 year ratio increased.

Capital Turnover Ratio:

The Formula for calculating Capital Turnover Ratio is as follows Formula is:

$$\text{Capital Turnover Ratio} = \frac{\text{Sales}}{\text{Capital Employed}}$$

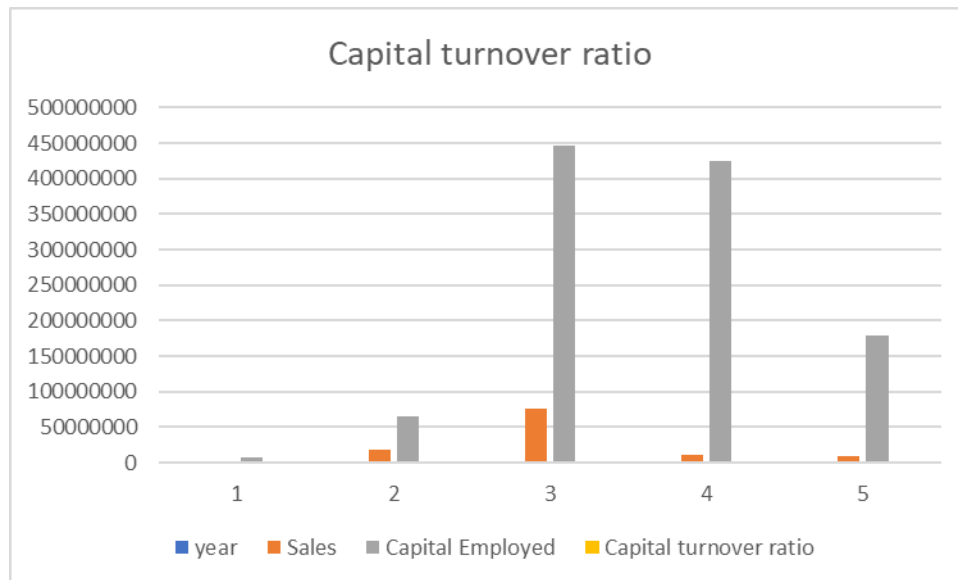
TABLE – 4.1.10

Capital Turnover Ratio			
Year	Sales	Capital Employed	Capital Turnover Ratio
2018	35,796.00	67,10,028.00	0.01
2019	1,90,20,980.00	6,52,66,174.00	0.29
2020	7,57,98,964.00	44,59,17,212.00	0.17
2021	1,15,76,726.00	42,47,27,372.00	0.03
2022	91,94,583.00	17,91,56,303.00	0.05

(Source: Annual Reports)

Graphical Representation of Capital Turnover Ratio

NO.4.1.10



INTERPRETATION:

The above table and diagram shows the relationship between sales and capital employed. In the year 2018 it was 0.01 and it increases to 0.29 in the year 2019 then it decreases to 0.17 in the year 2020 again decreases to 0.03 in the year 2021 and the year 2022 it increases to 0.05 .It shows that picture of capital turnover ratio indicating that the company is striving to make a profit and sales out of the capital which it is employing.

INFERENCE

Year 2019 then it decreases to 0.17.

Total Assets Turnover Ratio:

The Formula for calculating Total Assets Turnover Ratio is as follows Formula is:

$$\text{Total Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Total Assets}}$$

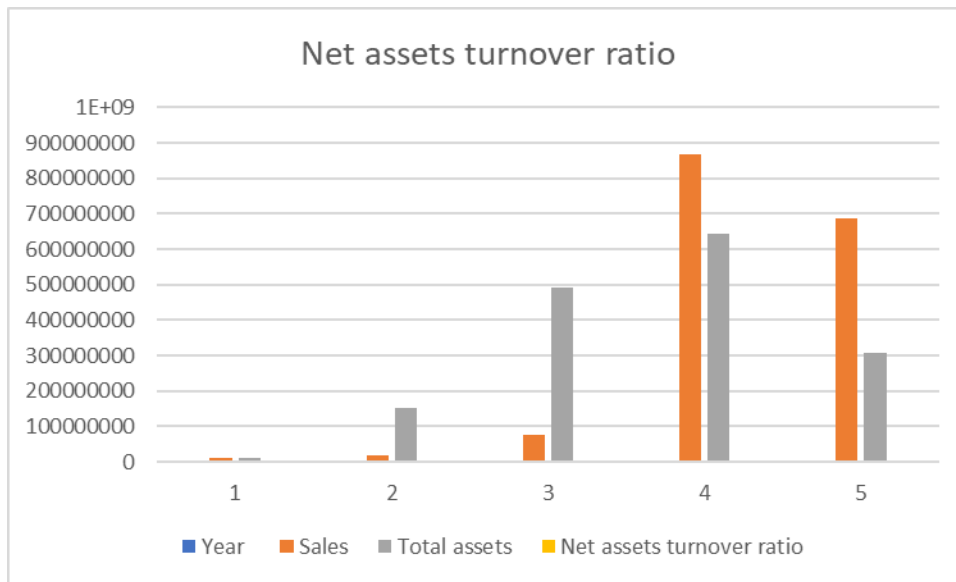
TABLE – 4.1.11

Total Assets Turnover Ratio			
Year	Sales	Total assets	Net Assets Turnover Ratio
2018	1,21,13,071.00	1,05,56,873.00	1.15
2019	1,90,20,980.00	15,07,25,802.00	0.13
2020	7,57,98,964.00	49,29,87,127.00	0.15
2021	86,75,74,447.00	64,25,03,324.00	1.35
2022	68,78,19,247.00	30,89,34,025.00	2.23

(Source: Annual Reports)

Graphical Representation of Total Assets Turnover Ratio

No-4.1.11



INTERPRETATION:

The above table and diagram shows the relationship between sales and total assets. Total Assets Turnover Ratio of the company is rotating their assets into business purpose. It shows that the company can rotate the total assets in the business. In the year 2018 is 1.15 and again decreases to 0.13 in the year 2019 from 2020 the relationship between sales and total assets is very high and goes in a good flow in 2022 is 2.23.

INFERENCE

very high and goes in a good flow in 2022 is 2.23.

Current Assets Turnover Ratio:

The Formula for calculating Current Assets Turnover Ratio is as follows Formulas:

$$\text{Current Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Current Assets}}$$

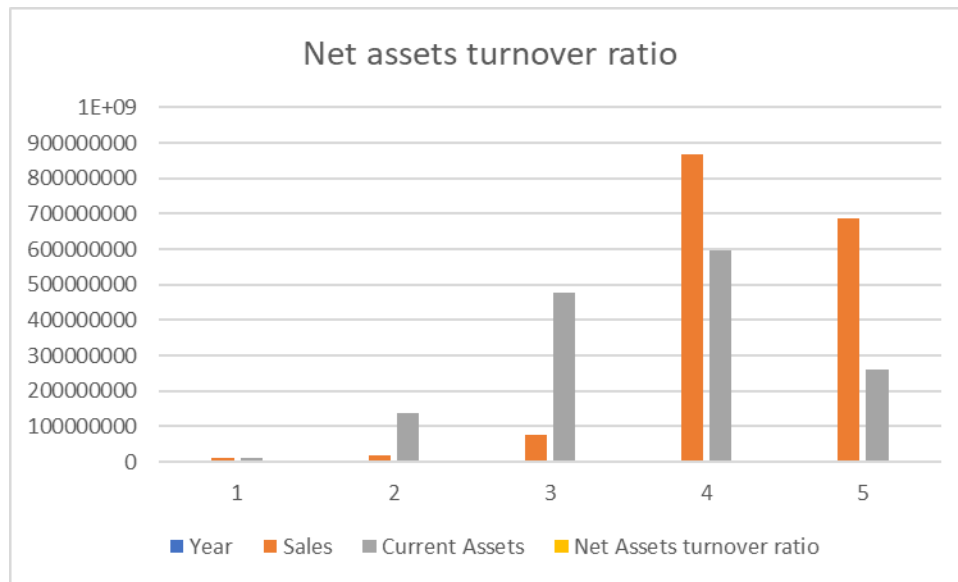
TABLE – 4.1.12

Current Assets Turnover Ratio			
Year	Sales	Current Assets	Net Assets Turnover Ratio
2018	1,21,13,071.00	96,11,759.00	1.26
2019	1,90,20,980.00	13,82,60,548.00	0.14
2020	7,57,98,964.00	47,83,57,785.00	0.16
2021	86,75,74,447.00	59,79,17,087.00	1.45
2022	68,78,19,247.00	25,95,13,175.00	2.65

(Source: Annual Reports)

Graphical Representation of Current Assets Turnover Ratio

Graph No-4.1.12



INTERPRETATION:

The above table and diagram shows the relationship between sales and Current Assets. Total Assets Turnover Ratio of the company is rotating their assets into business purpose. It was highly purchased current assets by the end of the year 2018, 2021 and 2022. Current assets turnover ratio was 1.26, 0.14, 0.16, 1.45 and 2.65 in respective years of 2018, 2019, 2020, 2021 and 2022 so the company achieved maximum Current assets turnover ratio in the year 2022 is 2.65.

INFERENCE

company achieved maximum Current assets turnover ratio in the year 2022 is 2.65.

PROFITABILITY RATIO OR INCOME RATIO

PROFITABILITY RATIO BASED ON SALES

Gross Profit Ratio:

The Formula for calculating Gross Profit Ratio is as follows Formula is:

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} * 100$$

Here, Net sales = Sales – Sales Return

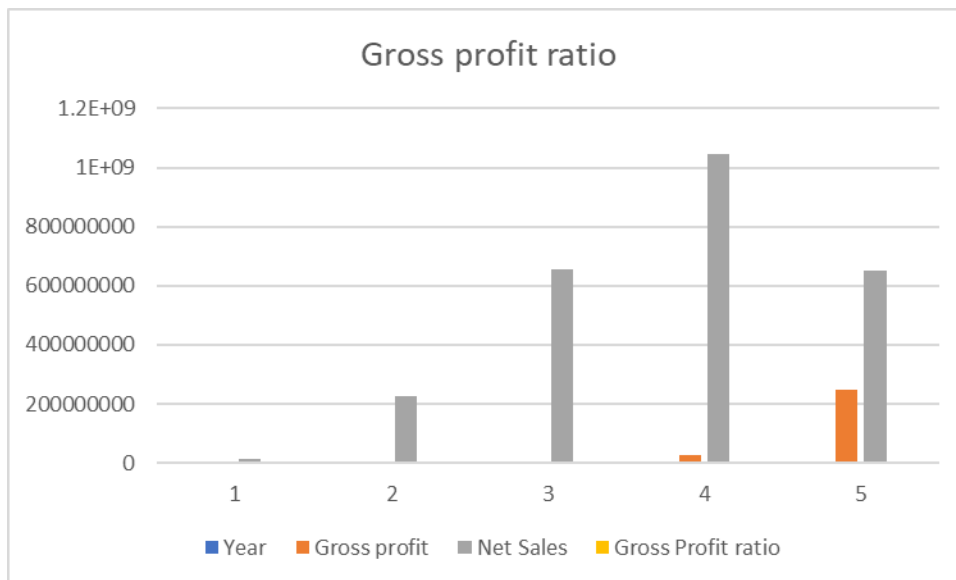
TABLE – 4.1.13

Year	Gross Profit	Net Sales	Gross Profit Ratio
2018	53,431.00	1,20,77,275.00	0.44
2019	48,66,996.00	22,66,55,598.00	2.15
2020	38,65,372.00	65,60,80,452.00	0.59
2021	2,60,03,003.00	1,04,39,71,057.00	2.49
2022	24,60,84,766.00	65,14,37,853.00	37.78

(Source: Annual Reports)

Graphical Representation of Gross Profit Ratio

Graph No- 4.1.13



INTERPRETATION:

The above table and diagram shows the profit earned by the company before tax and interest payable. This ratio measures the margin of profit available on sales. The higher the gross profit ratio, the better it is. In the year 2018 the profit ratio was very less 0.44 and it has been increased to 2.15 in the year 2019 again decreased to 0.59 in 2020 but in the year 2022 it was highly increased to 37.78.

INFERENCE

year 2022 it was highly increased to 37.78.

Net Profit Ratio:

The Formula for calculating Net Profit Ratio is as follows Formula is:
Gross Profit

$$\text{Net Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} * 100$$

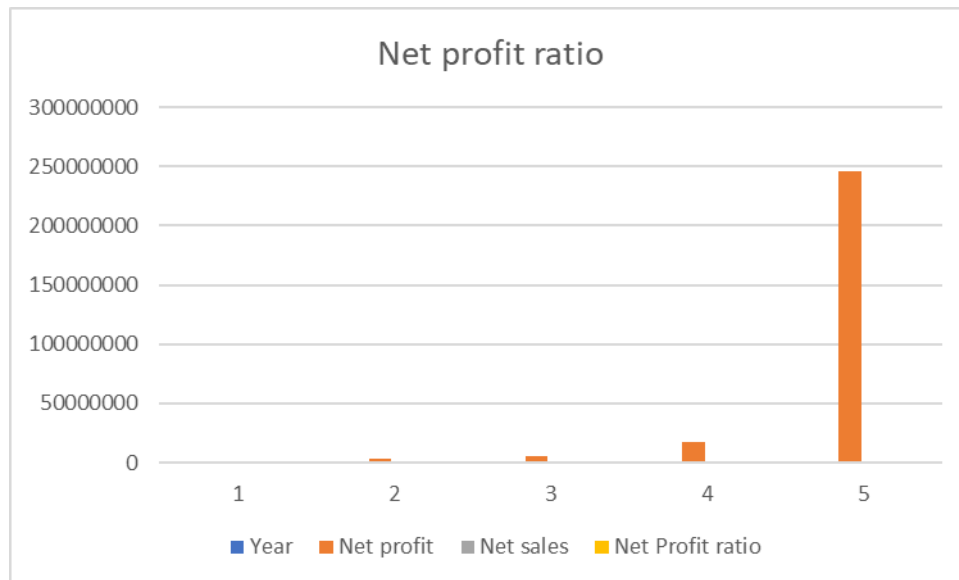
TABLE – 4.1.14

Net Profit Ratio			
Year	Net Profit	Net Sales	Net Profit Ratio
2018	1,21,067.37	1,20,77,275.00	1.00
2019	33,31,775.00	22,66,55,598.00	1.47
2020	55,98,545.00	65,60,80,452.00	0.85
2021	1,72,96,185.00	1,04,39,71,057.00	1.66
2022	24,55,71,070.00	65,14,37,853.00	37.70

(Source:Annual Reports)

Graphical Representation of Net Profit Ratio

No-4.1.14



INTERPRETATION:

The above table and diagram shows the relationship between net profit and sales. Net profit ratio was 1.00, 1.47, 0.85, 1.66, and 37.70 in respective year of 2018, 2019, 2020, 2021 and 2022 so the company achieved maximum Net profit ratio in the year 2022 ratio is 37.70 .

INFERENCE

The year 2022 ratio is 37.70 high.

Operating Ratio:

The Formula for calculating Operating Ratio is as follows Formula is:

$$\text{Operating Ratio} = \frac{\text{Cost of Goods Sold} + \text{Operating Expenses}}{\text{Net Sales}} * 100$$

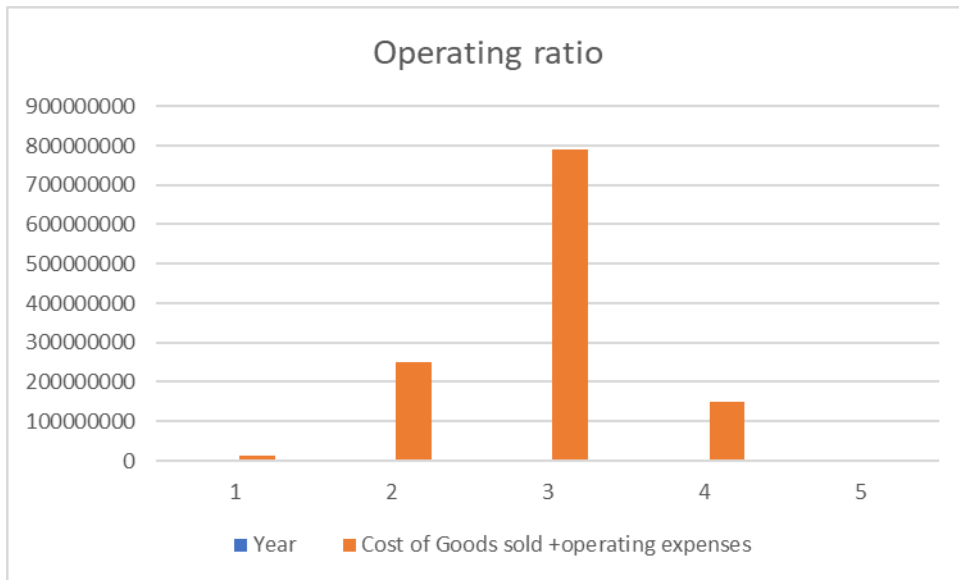
TABLE – 4.1.15

Operating Ratio			
Year	Cost of Goods Sold+ Operating Expenses	Net Sales	Operating Ratio
2018	1,19,53,384.00	1,20,77,275.00	98.97
2019	25,18,99,397.00	22,66,55,598.00	111.14
2020	79,01,99,840.00	65,60,80,452.00	120.44
2021	1,48,85,95,462.00	1,04,39,71,057.00	142.59
2022	58,07,51,452.00	65,14,37,853.00	89.15

(Source: Annual Reports

Graphical Representation of Operating RatioGraph

No-4.1.15



INTERPRETATION:

The above table and diagram shows the higher ratio which indicates that the company is not able to maintain their operational efficiency but in the year 2022 it shows that the firm is slowly moving towards the level of operational efficiency which is a sign for the company.

INFERENCE

2021 year high operation ratio 142.59.

Expenses Ratio:

The Formula for calculating Expenses Ratio is as follows Formula is:

	Direct Expense	
Expenses Ratio		
=	...	* 100
	Net Sales	

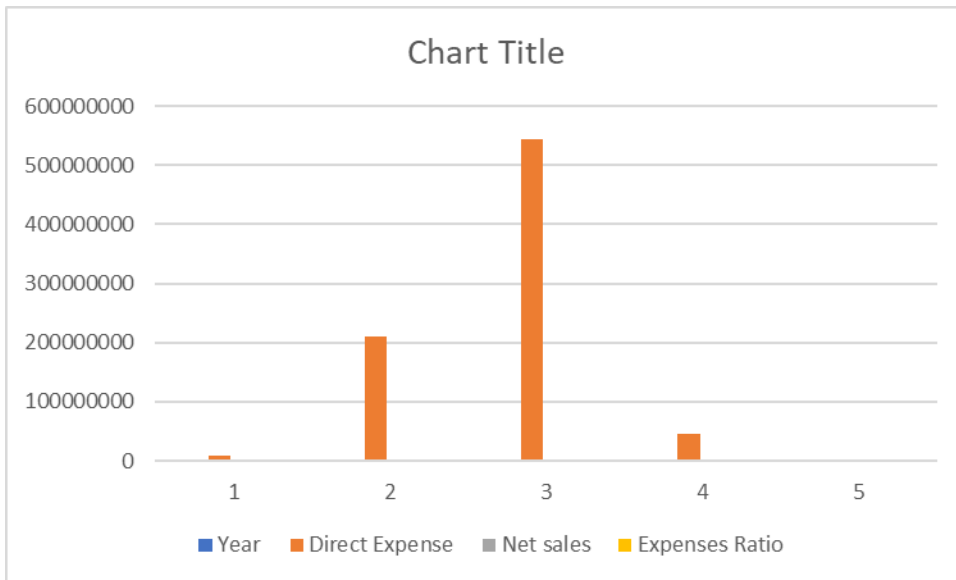
TABLE – 4.1.16

Expenses Ratio			
Year	Direct Expense	Net Sales	Expenses Ratio
2018	85,13,170.00	1,20,77,275.00	70.49
2019	21,05,77,246.00	22,66,55,598.00	92.91
2020	54,48,50,782.00	65,60,80,452.00	83.05
2021	4,56,35,947.00	1,04,39,71,057.00	4.37
2022	11,53,09,010.00	65,14,37,853.00	17.70

(Source: Annual Reports)

Graphical Representation of ExpensesRatioGraph

No-4.1.16



INTERPRETATION:

The ratio indicates the relationship between expenses and sales. The expenditure of the company is increased in the year 2019 which indicates that the company expenditure was too high. In the year 2021 the expenditure was put down to 4.37 which tells us that the company is maximized its expenses.

INFERENCE

increased in the year 2019 which indicates ratio 92.91.

PROFITABILITY RATIO BASED ON INVESTMENT

Return on Total Assets:

The Formula for calculating Return on Total Assets is as follows Formula is:

$$\text{Return on Total Assets} = \frac{\text{Net Profit} * 100}{\text{Total Assets}}$$

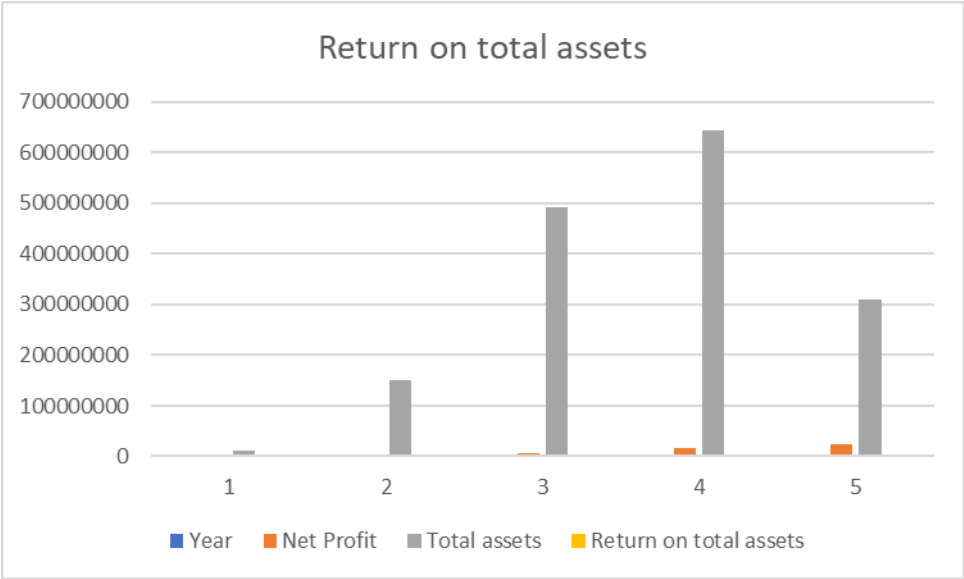
Table 4.1.17

Return on Total Assets			
Year	Net Profit	Total assets	Return on Total Assets
2018	1,21,067.37	1,05,56,873.00	1.15
2019	33,31,775.00	15,07,25,802.00	2.21
2020	55,98,545.00	49,29,87,127.00	1.14
2021	1,72,96,185.00	64,25,03,324.00	2.69
2022	24,55,71,070.00	30,89,34,025.00	79.49

(Source: Annual Reports)

Graphical Representation of Return on Total Assets

Graph no.4.1.17



INTERPRETATION:

The above table and diagram shows the relationship between net profit and total assets in percentage. As total assets were increasing in 2018 and 2019 the ratio is 1.15 to 2.21 again decreases from 2.21 to 1.14 in the year 2020 and from the year 2021 the ratio started increasing from 1.14 to 2.69 in 2021 and 79.49 in 2022 . The net profit in the year 2020 is very less but in the year 2022 is very high.

INFERENCE

Net profit year 2022 is very high 79.49

Return on Capital Employed:

The Formula for calculating Return on Capital Employed is as follows Formula is:

$$\text{Return on Capital Employed} = \frac{\text{Profit Before Interest, Tax and Dividends}}{\text{Capital Employed}} \times 100$$

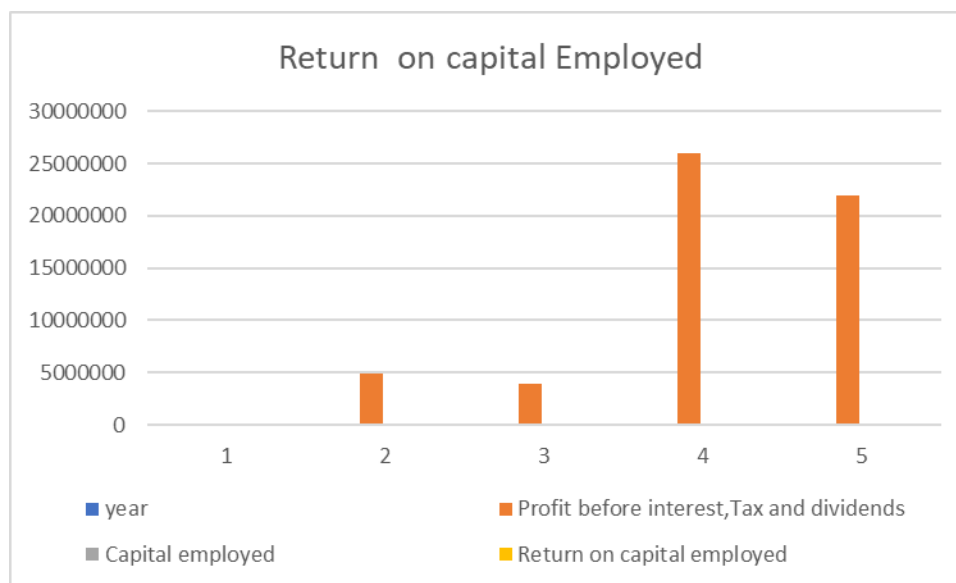
Table.4.1.18

Return on Capital Employed			
Year	Profit Before Interest, Tax and Dividends	Capital Employed	Return on Capital Employed
2018	53,431.00	67,10,028.00	0.80
2019	48,66,996.00	6,52,66,174.00	7.46
2020	38,65,372.00	44,59,17,212.00	0.87
2021	2,60,03,003.00	42,47,27,372.00	6.12
2022	2,19,81,367.00	17,91,56,303.00	12.27

(Source: Annual Reports)

Graphical Representation of Return on Capital Employed Graph

Graph no.4.1.18



INTERPRETATION:

The above table and diagram shows relationship between net profit earned and capital employed. In the year 2018 is the profit is only 0.80 but in the year 2019 the profit is increased to 7.46 again the profit went down to 0.87 in the year 2020 finally in the year 2021 and 2022 the company is gaining the profit of 6.12 and 12.27 in the last two years the company is improving and achieving profit.

INFERENCE

2022 the company is gaining the profit 12.27.

Return on Total Shareholder's Funds:

The Formula for calculating Return on shareholder's Funds is as follows Formula is :

Net profit After interest and Tax

Return on Total Shareholder's Fund=-----

Total shareholder's Funds

Where ,Total Shareholder's Funds =Equity share capital +Preferences

Share capital +All Reserved +P&L Account Balance -Fictitious Assets

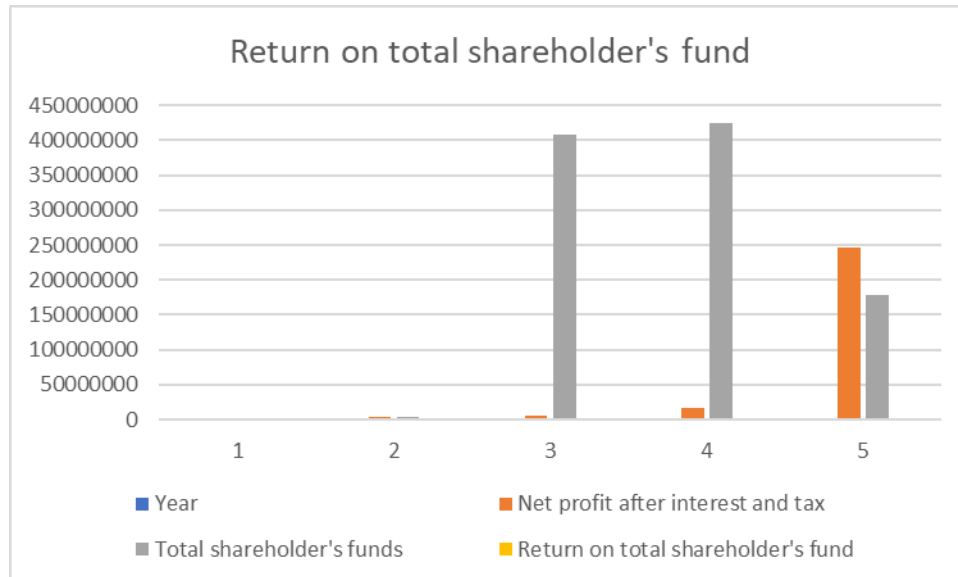
TABLE – 5.19

Return on Total Shareholder's Fund			
Year	Net Profit After Interest and Tax	Total Shareholder's Funds	Return on Total Shareholder's Fund
2018	1,21,067.37	6,21,067.00	0.19
2019	33,31,775.00	38,31,775.00	0.87
2020	55,98,545.00	40,74,31,187.00	0.01
2021	1,72,96,185.00	42,47,27,372.00	0.04
2022	24,55,71,070.00	17,91,56,303.00	1.37

(Source: Annual Reports)

Graphical Representation of Return on Total Shareholder's Fund

Graph no.5.19



INTERPRETATION:

The above table and diagram shows relationship between net profits earned and Total Shareholder's Funds. This ratio reveals how profitability the proprietor's funds have been utilized by the firm. A comparison of this with that of similar firms will throw light on the relative profitability and strength of the firm. In the year 2019 and 2022 the shareholders fund have been utilized very efficiently in the business when compared to the remaining years.

INFERENCE

Year 2022 is shareholders funds is high 1.37.

Earnings Per share (E.P.S):

The Formula for calculating Earning Per Share is as follow Formula is :

Net Profit -Dividend on Preference Shares

Earnings per share=-----

No. of Equity Shares

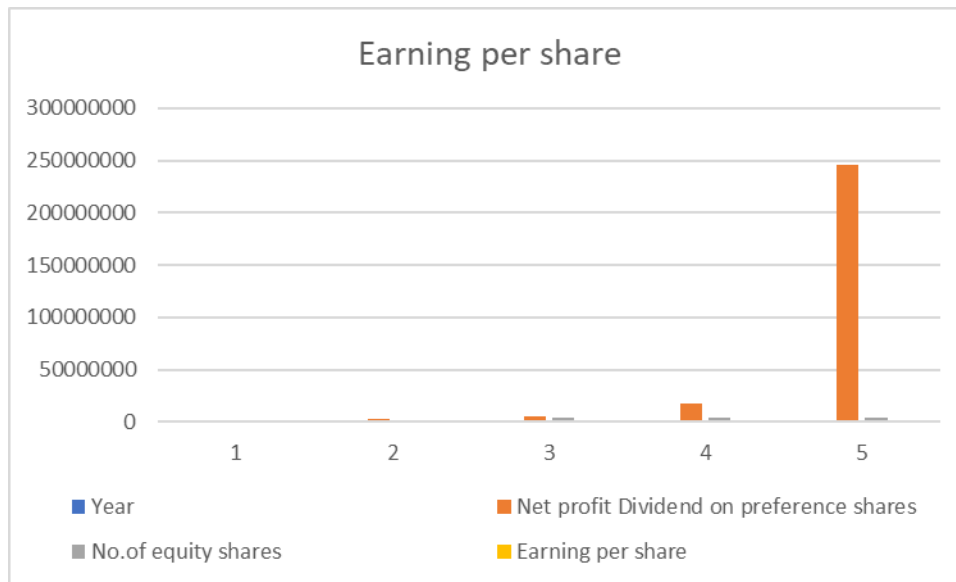
TABLE – 4.1.20

Earnings Per Share			
Year	Net Profit – Dividend on Preference Shares	No. of Equity Shares	Earnings Per Share
2018	1,21,067.37	5,00,000.00	0.24
2019	33,31,775.00	5,00,000.00	6.66
2020	55,98,545.00	45,81,710.00	1.22
2021	1,72,96,185.00	45,81,710.00	3.78
2022	24,55,71,070.00	45,81,710.00	53.60

(Source: Annual Reports)

Graphical Representation of Earnings Per Share

No.4.1.20



INTERPRETATION:

Earnings per share ratio was 0.24, 6.66, 1.22, 3.78 and 53.60 in respective year of 2018, 2019, 2020, 2021, and 2022 . The share capital is constant in the year 2018 and 2010 again constant from the year 2020 to 2022. In the year 2018 the net profit is less so the earnings per share are 0.24. Due to the huge increase in net profit the earnings per share is greatly increased in 2022.

INFERENCE

53.60 Net profit the earnings per share is greatly increased in 2022.

CHAPTER-5

Findings, Recommendations and Conclusion

5.1 FINDINGS

- The current ratio is fluctuating every year that is 2.4, 5.22, 14.31, 2.88 and 3.02 during 2021 which indicates a continuous increase in both current assets and current liabilities.
- The quick ratio is also fluctuating throughout the period 2018 – 2022 resulting as 2.33, 4.27, 13.17, 2.3 and 2.4. It confirms that the liquidity position of Redovo logistic. In terms of quick ratio were more than the above standards.
- The cash Ratio of Redovo Logistics has undergone many fluctuations. It started with very low ratio at first by 0.10 in the year 2018 it was highly increased to 4.68 in the year 2020 and again fallen down to 2.4 in the year 2022.
- The debt- equity ratio of the first two years less than the standard ratio after the ratio has decreased from 6.44 in 2018 to 0.08 in 2020 and again raises to 0.49 and 0.48 in the year 2021 and 2022 respectively.
- Proprietary Ratio is increased in the year 2011 that means a firm is less dependent on external sources of finance.
- In the year 2018, 2019 and 2022 the ratio is 0.1, 0.03 and 0.89 it shows the company is facing high capital gearing. In the year 2020 and 2021 the ratios 6.36 and 15.55 it shows the company is facing low capital gearing.
In the year 2018 the stock turnover ratio shows negative balance but from the year 2019 the stock ratio is showing increasing balance still 2021 which indicate that the stock has not been used efficiently in sales and again in the year 2013.
- The Average Collection Period of the company in the year 2018 the ratio is 3.65 and the ratios goes to 19.48 in the year 2019 the ratio decreases in 2011to 11.11 and again ratio increases to 119.29 in 2021 from 119.29 comes down to 79.35 in the year 2022.
- The fixed assets turnover ratio is increasing from the year 2019 to 2022that is

13.10, 20.29, 18.88 and 8.94. It indicates that the company is efficiently utilizing the fixed assets.

- In the year 2018 it is showing the negative percentage that is 0.00 and from the year 2019 the ratio is been increased to 0.17, and constantly increasing until 2022 which means that the working capital turnover ratio has been used efficiently in the business.
- The capital turnover ratio is indicating that the company is striving to make a profit and sales out of the capital which it is employing.
- It shows that the company can rotate the total assets in the business. In the year 2018 is 1.15 and again decreases to 0.13 in the year 2019 from 2020 the relationship between sales and total assets is very high and goes in a good flow in 2022 is 2.23.
- Current assets turnover ratio was 1.26, 0.14, 0.16, 1.45 and 2.65 in respective years of 2018, 2019, 2020, 2021 and 2022 so the company achieved maximum Current assets turnover ratio in the year 2022 is 2.65.
- Gross profit ratio is been fluctuating every year which tells us that the company's profit is not remaining constant.
- Net profit ratio was 1.00, 1.47, 0.85, 1.66, and 37.70 in respective year of 2018, 2019, 2020, 2021 and 2022 so the company achieved maximum Net profit ratio in the year 2022 ratio is 37.70 .
- The company is not able to maintain their operational efficiency but in the last year 2022 it shows that the firm is slowly moving towards the level of operational efficiency which is a sign for the company.
- The expenditure is increased in the year 2019 which indicates that the company expenditure was too high and company is maximized its expenses in the year 2021.
- Total assets were increasing in 2018 and 2019 again decreases in the year 2020 and from the year 2021 the ratio started increasing.
- Though the company is not increased its profit in the year 2018 and 2020, it is managed to make profit in rest of years which means that the company is improving and achieving its target.

- The company is utilized its shareholders fund to the maximum extent in the year 2019 and 2022.
- The share capital is constant in the year 2018 and 2019 again constant from the year 2020 to 2022. In the year 2018 the net profit is less so the earnings per share are 0.24. Due to the huge increase in net profit the earnings per share is greatly increased in 2022.

5.2 RECOMMENDATIONS

- Redovo logistic is enjoying liberal credit facilities from its suppliers. It should continue to take advantage of high creditor's payment.
- The ERP system already established in the division should be strictly monitored. One committee is required to be setup with the representative of all departments and the committee should review the function of the system regularly.
- There is a gradual increase in the value of slow moving and non-moving items. Hence efforts should be made to reduce the size of inventory by analyzing the slow & nonmoving items and disposing them periodically.
- The company should make an effort to increase the return on investment.
- The overall performance of the organization is on an average and quite satisfactory.
- Redovo logistic should focus its attention on efficient inventory management. It should evolve such a system that there is efficient and timely use of inventory.
- It is recommended that the company should aim at achieving higher returns on investment, by better utilization and allocation of funds employed in the business which in return helps the company to meet its long term objectives.
- The operating income and expenses are fluctuating every year. Efficient monitoring has to be done so that income and expenses standards can be maintained.

5.3 CONCLUSION

The project of Ratio analysis in the service industry is not merely a work of the project. But a brief knowledge and experience that how to analyze the financial performance of the firm. The study undertaken has brought in to the light of the following conclusions. According to this project I came to know that from the analysis of financial statements it is clear that Redovo logistic the company have been incurring profit during the period of study. So the firm should focus on getting of huge profits in the coming year by taking care internal as well as external factors. Gross profit and net profit of the Redovo logistic is fluctuating over the past five years. On an average the Redovo logistic overall performance is quite satisfactory.

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ANNEXURE

BALANCE SHEET AS AT 31ST MARCH, 2018 TO 31ST MARCH, 2020

SCHEDULE NO.		31-Mar-18 (Rs.)	31-Mar-19 (Rs.)	31-Mar-20 (Rs.)
<u>SOURCES OF FUND</u>				
-				
1.	Shareholders' Fund	500,000.00	500,000.00	4,581,710.00
a.	Share Capitalb Reserves and Surplus	121,067.00	3,331,775.00	402,849,477.00
2.	Loan Funds			
a.	Secured Loans		61,434,399.00	38,486,025.00
b.	Unsecured Loans	6,088,961.00	58,572,411.00	25,563,212.00
	Deferred Tax Liability	107,930.00	549,218.00	1,282,820.00
	TOTAL	6,817,958.00	124,387,803.00	472,763,244.00
<u>APPLICATION OF FUNDS</u>				
1.	Fixed Assets			
	Gross Block	1,052,451.00		
	Depreciation	0	13,545,576.00	18,175,019.00

	Net Block		107,337.00	1,080,322.00	3,545,677.00
			945,114.00	12,465,254.00	14,629,342.00
2.	Investments	6	-	6	13,196,857.00
3.	Current Assets, Loans and Advances				
	Cash and Bank Balances	7	407,457.00	3,690,318.00	138,788,265.00
			8,665,951.0	102,005,694.0	252,247,243.0
	Sundry Debtors	8	0	0	0
	Loan & Advances	9	538,351.00	32,564,536.00	87,322,277.00
			9,611,759.0	138,260,548.0	478,357,785.0
			0	0	0

BALANCE SHEET AS AT 31ST MARCH, 2021 & 31ST MARCH, 2022

		31-Mar-21 (Rs.)	31-Mar-22
<u>Equity And Liabilities</u>			
1. Shareholders' Fund			
a. Share Capital	2.1	4,581,710.00	4,581,710.00
b. Reserves and Surplus	2.2	420,145,662.00	174,574,593.00
Money received against			
c. share warrants			
2. Non-Current Liabilities			
a. Long-term Borrowings	2.3	27,321,811.00	201,478,612.00
Differed Tax Liabilities	2.4		
b. (Net)		2,289,638.00	1,775,942.00
Other Long Term			
c. Liabilities		-	-
d. Long-term Provisions	2.5	1,203,020.00	1,238,011.00
3 Current Liabilities			
a. Short-term Borrowing	2.6	126,836,915.00	-
b. Trade Payables	2.7	58,800,887.00	67,216,976.00
c. Other Current Liabilities	2.8		.00
d. Short-term Provisions	2.9	13,180,037.00	2,596,000.00
TOTAL		8,585,434.00	16,153,281.00
		662,945,114.00	469,615,125.00
<u>Assets</u>			
1. Non-Current Assets			
Fixed Assets			
Tangible Assets			
Intangible Assets	2.10		
Capital Work-in-progress			
Non-Current Investments		40,572,737.00	45,407,350.00
Long Term Loans and Advances	2.11	-	-

	2.12	4,013,500.00	4,013,500.00
2. Current Assets			
Trade Receivables		13,224,971.00	13,224,971.00
Cash and Cash Equivalents			
Loans and Advances	2.13	7,216,819.00	147,456,129.00
Other Current Assets	2.14		
	2.15		
		378,360,320.00	199,898,640.00
TOTAL		98,700,955.00	6,457,773.00
		120,855,812.00	53,156,762.00
		662,945,114.00	469,615,125.00

A study on Financial Performance Analysis

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ABSTRACT

The project titled “A Study on financial performance analysis” conducted in company to analyze the performance of an asset or fund is taken into account. The objective of this study is to determine the operational efficiency of the company using ratios, to know the changes in financial statement for the past 5 years by using working capital statement, to forecast the future changes using the trend analysis, to conduct fund flow statement for 2018-2022. The scope for this project is that the study covers all the components of current assets and current liabilities for the year 2018- 2022, the study also deals with the various ratios imparted in the organization, and the working capital is one of the dynamic and vital aspects of the business operation.

1 INTRODUCTION

DEFINITION OF FINANCE

According to Khan and Jain, “Finance is the art and science of managing money”. According to Oxford dictionary, the word ‘finance’ connotes ‘management of money’. Webster’s Ninth New Collegiate Dictionary defines finance as “the Science on study of the management of funds’ and the management of fund as the system that includes the circulation of money, the granting of credit, themaking of investments, and the provision of banking facilities.

2 INDUSTRY PROFILE

Logistics is regarded as the backbone of the economy, providing efficient and cost effective flow of goods on which other commercial sectors depend. Logistic industry in India is evolving rapidly, it is the interplay of infrastructure, technology and new types of service providers, which defines whether the logistic industry is able to help its customers reduce their costs in logistic sector and provide effective services.

3 REVIEW OF LITERATURE

3. Style drift, fund flow and fund performance: new cross-sectional evidence

Author: Kathryn A. Holmes, Robert W. Faff*

The linkages between style change, fund flows, fund size, and resulting fund performance are Complex and not clearly understood. In this paper, we investigate these relationships using a sample of Australian multi sector trusts over the sample period 1990 to 1999. We employ a range of fund performance measures of stock selectivity. We find that levels of style drift are positively related to selectivity performance, but are not related to fund flows. We also find that fund size is positively related to fund performance and negatively related to expense ratios. Implications of our findings for investors are identified in the paper.

Fund Sources and Fund Flow Mechanism

The main sources of fund for the program will be UNDP and IDA/World Company. The program will follow the GoN's Rural Energy Policy (2006) and Subsidy Policy for Renewable Energy (2006) to implement its initiatives. UNDP will provide technical assistance which will be directly channelled through the PMU. The World Company's fund will be channeled through AEPC which will be allocated to implement district level activities under grant/subsidy policy of the Government to install Micro Hydro Schemes.

Objectives of the study

PRIMARY OBJECTIVES:

To study the financial performance analysis of company

SECONDARY OBJECTIVES:

5. To determine the operational efficiency of the company using ratios.
6. To analyses interpret and to suggest the operational efficiency of the company by comparing the balance sheet & profit & loss A/c
7. To critically analyses the financial performance of the company With Help of the ratios.
8. To examine the financial performance of the company. for the period of 2018 to 2022.

RESEARCH METHODOLOGY:

RESEARCH

Research is an organized, systematic, database, critical, objective, scientific, inquiry or investigation into a specific problem, undertaken with the purpose of finding answer or solutions to it. Emory defines research as, “any organized inquiry designed and carried out to provide information for solving a problem”

RESEARCH DESIGN

Research design is specification of methods and procedures for acquiring the information needed to structure or to solve problem.

Research design is defined as, “the arrangement of condition for collection and analysis of the data in a manner that aims to combined relevant to the research purpose with economy in procedure”

SOURCE OF DATA

SECONDARAY DATA

These data, which have already been collected, complied and presented earlier by any agency, may be used for the purpose of investigation. Such data may be called secondary data. Secondary data may earlier be published data or unpublished data. Usually published data are available in annual report.

LIMITATIONS OF THE STUDY

- The study mainly depends on the secondary data taken from annual
- report and internal records of the company.
- The figures taken from the financial statement for analysis were historical in nature.

DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS

Current Ratio:

Current ratio is calculated by dividing current assets by current liabilities.

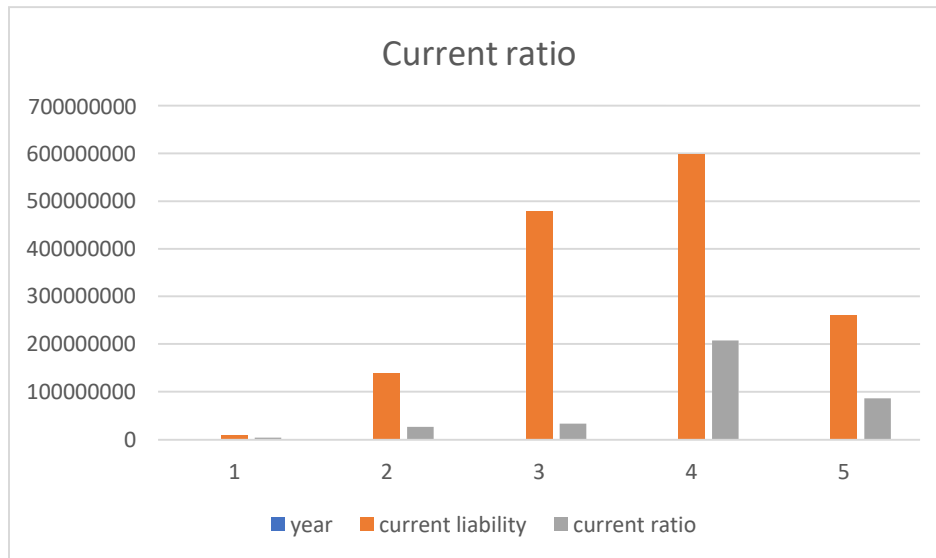
$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current Ratio			
Year	Current Assets	Current Liability	Current Ratio
2018	9,611,759.00	3,999,555.00	2.4
2019	138,260,548.00	26,511,765.00	5.22
2020	478,357,785.00	33,420,740.00	14.31
2021	597,917,087.00	207,403,273.00	2.88
2022	259,513,175.00	85,966,257.00	3.02

(Source: Annual Reports)

Graphical Representation of Current Ratio

Graph No.4.1



INTERPRETATION:

The above table and diagram showed the current ratio of five years (2018-22).

INFERENCE:

14.31 shows utilization of idle funds in the company.

QUICK RATIO:

The Formula for calculating Quick ratio is as follow:

(Quick Assets =Current Assets-Inventories)

Quick Assets

Quick Ratio=-----

Current Liabilities

Quick Ratio:			
Year	Quick Assets	Current Liability	Current Ratio
2018	9,073,408.00	3,893,759.00	2.33
2019	105,696,012.00	24,774,036.00	4.27
2020	391,035,508.00	29,684,351.00	13.17
2021	477,061,275.00	207,403,273.00	2.3
2022	206,356,413.00	85,966,257.00	2.4

(Source: Annual Reports)

Graphical Representation of Quick Ratio
Graph No 4.2



INTERPRETATION:
The above table and diagram shows the Quick Ratio of five years (2018-2022).

INFERENCE
13.17 In terms of quick ratio were more than the above standards.

FINDINGS

- The current ratio is fluctuating every year that is 2.4, 5.22, 14.31, 2.88 and 3.02 during 2021 which indicates a continuous increase in both current assets and current liabilities.
 - The quick ratio is also fluctuating throughout the period 2018 – 2022 resulting as 2.33, 4.27, 13.17, 2.3 and 2.4. It confirms that the liquidity position of company . In terms of quick ratio were more than the above standards.
 - The cash Ratio of company has undergone many fluctuations. It started with very low ratio at first by 0.10 in the year 2018 it was highly increased to 4.68 in the year 2020 and again fallen down to 2.4 in the year 2022.
 - The debt- equity ratio of the first two years less than the standard ratio after the ratio has decreased from 6.44 in 2018 to 0.08 in 2020 and again raises to 0.49 and 0.48 in the year 2021 and 2022 respectively.
 - Proprietary Ratio is increased in the year 2011 that means a firm is less dependent on external sources of finance.
 - In the year 2018, 2019 and 2022 the ratio is 0.1, 0.03 and 0.89 it shows the company is facing high capital gearing. In the year 2020 and 2021 the ratios 6.36 and 15.55 it shows the company is facing low capital gearing.
- In the year 2018 the stock turnover ratio shows negative balance but from the year 2019 the stock ratio is showing increasing balance still 2021 which indicate that the stock has not been used efficiently in sales and again in the year 2013.

CONCLUSION

The project of Ratio analysis in the service industry is not merely a work of the project. But a brief knowledge and experience that how to analyze the financial performance of the firm. The study undertaken has brought in to the light of the following conclusions. According to this project I came to know that from the analysis of financial statements it is clear that company the company have been incurring profit during the period of study.

So the firm should focus on getting of huge profits in the coming year by taking care internal as well as external factors. Gross profit and net profit of the company is fluctuating over the past five years. On an average the company overall performance is quite satisfactory.

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