

ANALYZING THE FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF REFEX INDUSTRIES LIMITED

Submitted in partial fulfilment of the requirements for the award of
MASTER OF BUSINESS ADMINISTRATION

by

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**DEPARTMENT OF BUSINESS ADMINISTRATION
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 AIC

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

MAY 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **Praveena.M 41410233** who carried out the project entitled "**Analyzing the Financial Performance and Financial Position of Refex Industries Limited**" under my supervision from January 2022 to May 2023.

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DECLARATION

I **PRAVEENA.M (41410233)** hereby declare that the Project Report entitled “**Analyzing the Financial Performance and Financial Position of Refex Industries Limited**” done by me under the guidance of **DR. BLESSIE PATHMU** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

DATE: 05/05/2023

PLACE: Chennai

A handwritten signature in black ink, appearing to read 'P. M.' with a stylized flourish.

PRAVEENA M

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ABSTRACT

This study analyses the financial performance and position of Refex Industries Limited, a leading manufacturer and distributor of industrial products and services. It evaluates the net worth, leverage, capital structure, cost of capital, volatility of share price based on dividend payout and trend of turnover and marginal return. The findings show that the company's net worth has steadily increased, while the degree of operating leverage has decreased and the degree of financial leverage fluctuated. The debt equity ratio has decreased, but the cost of capital has fluctuated significantly. The study suggests that the company should focus on improving its operating efficiency, managing its debt levels carefully, controlling the cost of capital, maintaining stable dividends, and focusing on sustainable growth. In conclusion, the company should focus on improving its operating efficiency to reduce costs and improve profitability, manage its debt levels carefully, and maintain stable dividends to attract investors and maintain their confidence. Additionally, it should focus on sustainable growth to ensure long-term success.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Refex Industries Limited is a well-established player in the industrial products and services sector, having been in operation for many years. The company's products and services are used across a wide range of industries, including automotive, construction, and energy, among others. As a manufacturer and distributor, the company faces significant competition from both domestic and international players. Therefore, it is essential to maintain a strong financial position to remain competitive and achieve sustainable growth and profitability.

To assess the financial health and performance of Refex Industries Limited, this study will analyse the company's income statement and balance sheet. The income statement will provide insight into the company's revenue and expenses, allowing us to assess its profitability. Meanwhile, the balance sheet will provide information about the company's assets, liabilities, and equity, allowing us to assess its financial position.

In addition to examining the income statement and balance sheet, this study will also analyse key financial ratios to gain a better understanding of the company's financial strength. The debt-to-equity ratio, for instance, will help us assess the company's leverage and solvency. Meanwhile, the current ratio will give us an indication of the company's ability to meet its short-term obligations.

Finally, this study will provide suggestions for improvement to help Refex Industries Limited continue to achieve sustainable growth and profitability. These suggestions may include measures such as improving operational efficiency, exploring new markets, and diversifying its product range. By implementing these suggestions, the company can remain competitive and continue to achieve its long-term strategic goals.

1.1.1 Forecasts are valuable in statement analysis for two reasons

You can prepare forecasts that assume that the basic financial facts about a company will remain the same for a specified period in the future. These forecasts will illustrate where you're likely to stand if the status quo is maintained. Or you can gain insights into the impact of certain business decisions by calculating the answers to "what if"

questions. When you test the consequences of changes you are contemplating, or that may occur because of changing market conditions or customer tastes, for example, you achieve a greater understanding about the financial interrelationships at work in a business. The two key reports for all sizes and categories of business are the Balance Sheet and the Income Statement. The Balance Sheet is an itemized statement that lists the total assets and the total liabilities of a business and gives its net worth on a certain date (such as the end of a month, quarter, or year). The Income Statement records revenue versus expenses for a given period. Regular preparation and analysis of financial statement information helps business managers and owners detect the problems that experts continue to see as the chief causes of small business failure -- such as high, operating expenses, sluggish sales, poor cash management, excessive fixed assets, and inventory mismanagement. By comparing statements from different periods, you can more easily spot trends and make necessary management decisions and budget revisions before small problems become large ones. This Resource Guide is intended to provide you with a basic understanding of the components and purposes of financial statements. The Balance Sheet and Income Statement formats are designed as general models and are not complete for every business operation. Computation of income for financial accounting purposes is done according to the rules of Generally Accepted Accounting Principles (known as GAAP). Be aware that income and losses computed using GAAP rules will not necessarily be the same as those calculated to comply with the Internal Revenue Code. The process of critical evaluation of the financial information contained in the financial statements to understand and make decisions regarding the operations of the firm is called 'Financial Statement Analysis'. It is basically a study of relationship among various financial facts and figures as given in a set of financial statements, and the interpretation thereof to gain an insight into the profitability and operational efficiency of the firm to assess its financial health and prospects. The term 'financial analyses include both 'analysis and interpretation'. The term analysis means simplification of financial data by methodical classification given in the financial statements. Interpretation means explaining the meaning and significance of the data. These two are complimentary to each other. Analysis is useless without interpretation, and interpretation without analysis is difficult or even impossible.

1.1.2 Significance of Analysis of Financial Statements

Financial analysis is the process of identifying the financial performance of the firm by properly establishing relationships between the various items of the balance sheet and the statement of profit and loss. Financial analysis can be undertaken by the management of the firm, or by parties outside the firm, viz., owners, trade creditors, lenders, investors, labour unions, analysts, and others. The nature of the analysis will differ depending on the purpose of the analyst. A technique frequently used by an analyst need not necessarily serve the purpose of other analysts because of the difference in the interests of the analysts. Financial analysis is useful and significant to different users in the following ways:

(a) **Finance manager:** Financial analysis focuses on the facts and relationships related to managerial performance, corporate efficiency, financial performance and creditworthiness of the company. A finance manager must be well-equipped with the different tools of analysis to make rational decisions for the firm. The tools for analysis help in studying accounting data to determine the continuity of the operating policies, the investment value of the business, credit ratings and testing the efficiency of operations. The techniques are equally important in the area of financial control, enabling the finance manager to make constant reviews of the actual financial operations of the firm to analyse the causes of major deviations, which may help in corrective action wherever indicated.

(b) **Top management:** The importance of financial analysis is not limited to the finance manager alone. It has a broad scope which includes top management in general and other functional managers. Management of the firm would be interested in every aspect of the financial analysis. It is their overall responsibility to see that the resources of the firm are used most efficiently and that the firm's financial condition is sound. Financial analysis helps the management in measuring the success of the company's operations, appraise the individual's performance, and even value the system of internal control.

(c) **Trade payables:** Trade payables, through an analysis of financial statements, appraise not only the ability of the company to meet its short-term obligations but also judge the probability of its continued ability to meet all its financial obligations in future.

Trade payables are particularly interested in the firm's ability to meet their claims over a very short period. Their analysis will, therefore, evaluate the firm's liquidity position.

(d) Lenders: Suppliers of long-term debt are concerned with the firm's long-term solvency and survival. They analyse the firm's profitability over a period, its ability to generate cash, to be able to pay interest and repay the principal and the relationship between various sources of funds (capital structure relationships). Long-term lenders analyse historical financial statements to assess its their future solvency and profitability.

(e) Investors: who have invested their money in the firm's shares, and are interested in the firm's earnings. As such, they concentrate on the analysis of the firm's present and future profitability. They are also interested in the firm's capital structure to ascertain its influences on the firm's earning risk. They also evaluate the efficiency of the management and determine whether a change is needed or not. However, in some large companies, the shareholders' interest is limited to decide whether to buy, sell or hold the shares.

(f) Labour unions: Labour unions analyse the financial statements to assess whether it can presently afford a wage increase and whether it can absorb a wage increase through increased productivity or by raising the prices.

(g) Others: Economists, researchers, etc., analyse the financial statements to study the present business and economic conditions. The government agencies need it for price regulations, taxation and other similar purposes.

1.2 Industry Profile

Refrigerant gas manufacturing and power trading is a rapidly growing industry. This industry manufactures and distributes refrigerant gases primarily used for air-conditioning and refrigeration systems. Power trading involves the purchase and sale of electricity from different sources, such as utility companies, power plants, and renewable energy sources.

The global refrigerant gas manufacturing and power trading industry is estimated to be worth approximately \$150 billion. The United States is the largest market, accounting for around 40% of the global market share.

The demand for refrigerant gas is expected to grow at a compound annual growth rate (CAGR) of 4.3% between 2018 and 2023. The growing demand for cooling solutions and the increasing demand for electricity is expected to drive the industry's growth. Refrigerant gas manufacturers primarily produce hydrofluorocarbon (HFC) and hydrochlorofluorocarbon (HCFC) gases, as well as blend refrigerants. Power traders typically purchase and sell electricity from utility companies, power plants, and renewable energy sources.

The major players in the refrigerant gas manufacturing and power trading industry include The Chemours Company, Honeywell International, Daikin Industries, Inc., and Linde AG. Opportunities: The industry is expected to benefit from the growing demand for energy-efficient cooling solutions and the increasing demand for renewable energy sources. Additionally, increasing government regulations on the use of hazardous gases are expected to drive the demand for more environmentally friendly refrigerants.

The industry faces challenges from the volatile prices of raw materials, the high cost of new technologies, and the increasing competition from foreign manufacturers. Additionally, the industry is subject to strict government regulations, which can impose additional costs and hinder innovation.

1.3 Company Profile of Refex Industries Ltd.

Refex Industries Limited is an India-based specialist manufacturer and re-filler of refrigerant gases. The Company offers a range of non-ozone-depleting refrigerant gases known as Hydrofluorocarbons (HFC), which are used in air conditioners, refrigerators and refrigerating equipment. It is engaged in supplying automotive air conditioning gases in disposable cans. Its business verticals include Refrigerant Gases, Coal and Fly Ash Handling, Power Trading and Solar Power. Its refrigerant gases are primarily used as refrigerants, blowing agents and aerosol propellants. It offers a full range of HFC products, which include R134A, R404A, R407C, R410A, R32, R152A and Cans, including R134A, R22, and Butane. The Company is engaged in handling and disposal of fly ash; round-the-clock services for coal yard management and crushing of uncrushed coal, and coal trading to power plants located in Chhattisgarh and Maharashtra. It owns a five-megawatt (MW) ground-mounted solar power project.

Refex Refrigerants Limited was incorporated as Refex Refrigerants Private Limited on 13th September 2002. The Company was converted into a Public Limited Company on 30th March 2006 with the name Refex Refrigerants Limited. Refex Refrigerants Limited is an ISO 9001 Company engaged in the business of refilling and selling non ozone depleting refrigerant gases popularly known as Hydrofluoro Carbons or HFCs that are used in auto air conditioners room air conditioners commercial aircons refrigerators and refrigerating equipment's. These refrigerants are the replacements for the Chlorofluorocarbon's (CFC) and HCFC's that deplete the ozone layer. The CFCs are to be banned in the country from 2010 after this ban HFC's have to be replaced with the CFC's. So Refex saw the potential in the HFC business and started to import this product from across the globe in the year 2002. After seeing a growth, the company has planned to set up a refilling plant in Chennai with the technical collaboration from Kaltech Engineering and Refrigeration Pvt. Ltd. Singapore. The company has set up a refilling plant in Thiruporur near Chennai. Refex has started with a capacity of 40MT per month with one storage tank and one ISO tank. An ISO tank container is a pressure vessel complying with the International Standard Organization recommendations. The unit is designed and constructed for transportation of liquids powders and liquefied gases on land or at sea.

Apart from manufacturing of Refrigerant gases Refex Industries also Operates in Different Vertices of Business such as Venture Capitalist, Solar panel Construction and implementation, Power trading, Coal and Ash Handling, and selling of refurbished Medical Equipment's.

1.4 Product Profile

Refex Industries Limited produces a variety of products, ranging from Refrigerants, Industrial Gases, Specialty Fluids, Solvents, and Petrochemicals. Products include: 1. Refrigerants: R-134a, R-410A, R-22, R-407C, R-404A 2.

Refex supplies coal to the Thermal Power Plants and collects the Coal Ashes and sells it to the Cement Industries.

Refex Trades Power between Tamil Nadu Electricity Board (TNEB) and Punjab State Power Corporation Limited (PSPCL).

Refex Performs Venture capitalist and invests in the innovative business ideas.

Refex also sells refurbished medical Equipment's such as Ventilators, X-ray, CT scan, MRI scan machines and etc.,

Refex also in Venture Capital, they invest in the Innovative business ideas, which includes in the stage series A, Seed fund and Angel Investing.

Refex works in the Turnkey projects and constructs the Solar panels for the Govt Area and also in the roof top of the buildings.

1.5 Need for the Study

The study focuses on assessing the financial performance and financial position of Refex Industries Limited, a company that operates in a highly competitive market. By evaluating its net worth, leverage, capital structure, cost of capital, share price volatility, and turnover and marginal returns, this study seeks to provide insights into the company's financial health and growth potential.

One of the primary objectives of this study is to identify areas of improvement for Refex Industries Limited. By analysing the company's financial metrics, researchers can pinpoint the factors that are driving its growth and profitability, as well as those that may be hindering it. This information can be used to formulate strategies for addressing any weaknesses in the company's financial position and capitalizing on its strengths.

Another important goal of this study is to monitor Refex Industries Limited's progress over time. By comparing its financial performance and financial position to industry benchmarks and historical data, researchers can identify trends and patterns that may impact the company's future prospects. This information can be used to track the company's progress and adjust strategies accordingly.

Finally, this research aims to inform decision-making at Refex Industries Limited. By providing a detailed analysis of the company's financial performance and financial position, decision-makers can make more informed choices about investments, capital allocation, and risk management. This can help ensure that Refex Industries Limited is well-positioned for the future and can compete effectively in its industry.

1.6 Objective of the study

1. To evaluate the Net worth of Refex Industries.
2. To evaluate the Leverage of Refex.
3. To analyse the capital structure of Refex Industries.
4. To evaluate the Cost of Capital of Refex Industries.
5. To analyse the volatility of share price based on dividend payout.
6. To analyse the trend of turnover and marginal return.

1.7 Scope of the Study

The scope of this study is to analyse Refex Industries Limited's financial performance and financial position. This study will focus on the company's net worth, leverage, capital structure, cost of capital, share price volatility, and turnover and marginal returns. The research will include a review of Refex Industries Limited's financial statements over the past five years (2017 to 2021) as well as an analysis of the company's share price performance. The findings of this study will provide stakeholders with valuable insights into the company's financial health and inform decision-making.

1.8 LIMITATIONS OF THE STUDY

- The study has been based on secondary data, so the current trend cannot be analysed.
- The data might not be accurate.
- The study has been based on the analysis made for only specified period.
- This study is only based on the study conducted in manufacturing sector.
- It might not be applicable to other sectors

CHAPTER 2

REVIEW OF LITERATURE

2.1 Review of Literature

Ferrer Serra, Félix (2022), The subject Financial Statement Analysis, located in the Degree of ADE for entrepreneurs, third year, second semester, intends that the student who has completed the first course in the subject Financial Accounting and in which has learned, among other aspects, to prepare the Financial Statements of a company, complete the knowledge of the accounting cycle with five additional skills: First, preparing the student to be able to extract and communicate to users, both internal and external, the information contained in Financial Statements, so that they can make decisions of economic nature (invest or not to invest, expand the business or not, extend credit or not, finance through debt or through the contribution of funds by owners, whether the company is in financial balance; etc.). Secondly, training the student to apply the tools of analysis acquired to the Annual Statements or Financial Statements of a company, being able to judge the economic and financial situation and trying to give solutions to possible imbalance situations. Third, in the development of its activity, the company generates receivables in its favor, which later transform into money by charging thereof; but also, it incurs in debts and payment obligations to be met by the application of the previous money.

Xiao-Jun Zhang (2022), This paper yields a summary score that informs about the sustainability (or persistence) of earnings and about the trailing P/E ratio. The score is delivered from a model that identifies unsustainable earnings from the financial statements by exploiting accounting relations that require that unsustainable earnings leave a trail in the accounts. The paper also builds a P/E model that recognizes that investors buy future earnings, so should pay less for current earnings if those earnings cannot be sustained in the future. In out-of sample prediction tests, the analysis reliably identifies unsustainable earnings, and also explains cross-sectional differences in P/E ratios. The paper also finds that stock returns are predictable when traded P/E ratios differ from those indicated by our P/E model

Andrew B. Jackson (2021), The literature on financial statement analysis attempts to improve fundamental analysis and to identify market inefficiencies with respect to financial statement information. In this paper, the author reviews the extant research

on financial statement analysis. The author then provides some preliminary evidence using Chinese data and offer suggestions for future research, with a focus on utilising unique features of the Chinese business environment as motivation. The author notes that there has been no work that the author could locate specifically on Chinese FSA research. The unique business environment in China, relative to the US where most of this work has been conducted, should motivate any studies, especially given the author documents the robust finding in terms of the mean reversion in profitability.

Bhadrappa Haralayya (2021) We all know that banks offer basic loans, deposits, and financial advice, but they also facilitate transactions on sophisticated financial instruments such as private equity, bonds and mutual funds. Most top performing candidates typically view careers in banking as the pinnacle of achievement, and sectors such as treasury, equity trading, investment banking and private banking are viewed as the most lucrative jobs for new graduates. In addition to traditional bank, other financial institutions such as credit unions, trust companies, mortgage loan companies, insurance companies, brokerage firms and asset management firms also offer a host of financial advice. Hence, when viewing the opportunities in the sector, one must also carefully consider these other specialised financial institutions

Sanny and Yanti (2019), the study deals with "DuPont analysis integrative approach to ratio analysis at PT/ federal international finance" Significant differences between "Return on Investment (ROI) and Return on Equity (ROE)" were discovered using DuPont analysis based on Price Target (PT). Federal International Finance from 2009 to 2013. This indicates that DuPont analysis utilises "ROE" more effectively.

Bhagyalakshmi and Saraswathi (2019), the authors examined the "financial performance evaluation using DuPont Analysis in select Automobile Companies" with 10 automakers from 2013 to 2017. The study measured Effective Margin (EM), Net Profit Margin (NPM), and AT and calculated Return on Equity (ROE) using the DuPont model. The findings indicate that all factors, with the exception of EM, are positively correlated, and that there is a statistically significant difference between the financial performance of a subset of automakers in terms of return on equity and return on assets.

Kim (2016) used the DuPont model based on the food distribution companies to study the "financial performance using DuPont analysis in the food distribution sector" from

2013 to 2015. Financial ratios and correlation were used in the study. According to the study's findings, ROE and ROI are the most complete indicators of a company's profitability. It takes into account both the possible operations and investment options as well as the finance and decisions involving leverage.

Alpesh Gajera (2015) in his research article a financial performance evaluation of private and public sector banks found that there is significance difference in the financial performance of these banks and private sector banks are performed better than public sector banks in respect of capital adequacy ratio and financial performance,

Dr Richa Jain, Prof. Mitali Amit Shelankar & Prof Bharti Sumit Mirchandani, (2015) Tools / Techniques of financial statement analysis: - The various tools and techniques of financial statement analysis are

- **Trend Percentage Analysis:** It is also known as Intra firm comparison in which the financial statements of the same company for few years are compared for some important series of information.
- **Comparative Statement:** These are the statement of financial positions at different periods of time. The financial position is shown in a comparative form over two periods of time.
- **Common Size Statements:** The common size statements, balance sheet and income statements are shown in terms of percentages. The data is shown as a percentage of total assets, liabilities and sales.
- **Ratio Analysis:** It is a technique of analysis and interpretation of financial statements. It is the process of establishing and interpreting various financial ratios for helping in taking decisions.
- **Funds Flow Statements:** It is a statement of studying the changes in the financial position of a business enterprise between the beginning and the end it is a statement indicating rises of funds for a period of time.
- **Cash Flow Statements:** These shows the changes in cash flow between two periods

Renuka and Ganesan (2015) analyse the financial stability of Hitachi Home and Life Solution (India) Ltd. during 2008- 09 to 2012-13 and suggested evaluating financial

statement by using ratios- profitability, turnover ratios, solvency ratio etc. provide better understanding of the firm's position and performance.

Subramanian and Venkatachalam (2015) studied the financial performance of Seshasayee Paper and Board Limited by using ratios like profitability, activity and liquidity ratios and found financial performance analysis is vital for the success of an enterprise. it is an appraisal of the feasibility, solidity and fertility of a business, sub-business or mission.

V. Vijayalakshmi and M. Srividya (2015) in their study stated that financial health plays a significant role in the successful management of a company. The analysis practically reveals that gross profit ratio, operating ratio, return on equity capital, and earnings per share, have significant effects on the net profit ratio of the selected pharmaceutical companies during the study period. However, the profitability of the selected pharmaceutical companies in India during the study period is satisfactory. During the period of study, there were a few ups and downs in the profitability but it did not affect the operations of the company to a great extent. If the Pharmaceutical Industry has to perform well, it has to invest more capital and has to do more sales, only then it will improve its performance level.

Venkataramana and Ramakrishnan (2015): Analyse the profitability and financial position of selected cement companies in India through various financial ratios and applied correlation, mean, standard deviation and variance. The study uses liquidity and profitability ratios for the assessment the of impact of liquidity ratios on the profitability performance of selected cement companies.

Bhunja, Mukhuti & Roy (2015) have discussed “Financial Performance Analysis-A Case Study”. The main aim of study the was to identify the financial strengths and weaknesses by covering two public sector drug & pharmaceutical enterprises listed on BSE. For study purposes, they have been selected twelve years from 1997-98 to 2008-09. They analyzed the data by using ratios, and statistical tools like A.M., S.D., C.V., linear multiple regression analysis and test of hypothesis t-test. They used SWOT analysis to overcome the weakness and grab the opportunities available in public sector drug & pharmaceutical enterprises in consideration of strengths and threats. They concluded that growth during last decade was noteworthy and market trend was growing at a faster rate. They suggested that the opportunities can be

grabbed through the diversification of export basket in untouched foreign destinations. They also revealed that strict quality standards, services and use of latest technology can provide an edge over competitors across the globe.

James Clausen (2014) in his article briefly expressed about the liquidity ratios. Investors and lending institutions will often use ratio analyses of the financial statements to determine the reluctant to invest. Therefore, the current ratio or working capital ratio, measures the short-term debt obligations with its current assets. He thinks a higher ratio indicates the company is better equipped to pay off short-term debt with current assets. Therefore, the acid test ratio or quick ratio, measures quick assets against current liabilities. Quick assets are considered assets that can be quickly converted into cash. Generally, they are current assets less inventory.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Methodology

The research methodology will outline the process of analysing the financial performance and financial position of Refex Industries Limited. The study aims to assess the financial standing of the company and identify the factors that affects its performance.

3.2 Research Design

Research Design is the strategy for the study and the plan by which the strategy is to be carried out. It is the set of decisions that make up the master plan specifying the methods and procedures for the collection, measurement and analysis of data.

Research design is a conceptual structure within which the research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. There are many types of research design that a researcher may use for his/her study.

The following are the key features of a research design:

- I. It is the plan that indicates the sources and types of information relevant to the research problem.
- II. It is a strategy specifying which approach will be used for collecting and analyzing the data.
- III. It also contains the time and cost budgets as most studies are done under these two impediments.

In short, research design must, at least, contain:

- a) A clear statement of the research problem.
- b) Procedures and techniques to be used for data collection.
- c) The population to be studied; and
- d) Methods to be used in processing and analyzing data.

Research design has a great bearing on the reliability of the results arrived at and constitutes the firm foundation of the entire edifice of the research work.

The types of research design used in the study are:

- a) Descriptive design: This type of research design is used to describe the financial performance of a company. It involves summarizing and presenting the financial information in a meaningful way, such as through ratios and trends analysis.
- b) Comparative design: This research design is used to compare the financial performance of different companies or industries. It involves benchmarking a company's financial ratios and performance against those of its peers or industry standards.
- c) Case study design: This research design involves the in-depth analysis of a particular company's financial statements and performance, typically to understand the causes and implications of specific financial events or decisions.
- d) Longitudinal design: This type of research design involves the analysis of a company's financial performance over time, often to identify trends or patterns in its financial performance. It may involve the comparison of financial statements from multiple years or quarters.

Research has used descriptive research. Descriptive studies are fact finding investigation with adequate interpretation. It focuses on particular aspects of in the study. It is designed to gather descriptive information and provides information for formulating more sophisticated studies.

3.3 METHODS OF DATA COLLECTION

The task of data collection begins after a research problem has been defined and research design plan chalked out. While deciding about the method of data collection to be used for the study, the researcher should keep in mind two types of data viz., primary data and secondary data.

3.3.1 SECONDARY DATA

Secondary data refers to the data that was collected by someone other than the user. Common sources of secondary data include census, information collected by government departments, organizational records and data that was originally collected for other research purposes. Secondary data analysis can save time that would otherwise be spent collecting data and particularly in the case of quantitative data, can

provide larger and higher-quality database that would be unfeasible for any individual researcher to collect on their own. In addition, analysts of social and economic change consider secondary data essential since it is impossible to conduct a new survey that can adequately capture past change and/or developments.

3.3.2 SECONDARY DATA COLLECTION

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Secondary data were obtained from: -

- Balance Sheet
- Annual Report
- Company Website

3.3.2.1 Balance Sheet

A balance sheet is a financial statement that provides a snapshot of a company's financial position at a specific point in time. It shows the company's assets, liabilities, and equity, and how they are financed. The balance sheet follows the accounting equation, which states that assets must always equal the sum of liabilities and equity.

The assets section of the balance sheet lists all of the company's resources that have economic value, such as cash, accounts receivable, inventory, property, plant and equipment, and investments. The liabilities section lists all of the company's debts and obligations, such as accounts payable, loans, and taxes owed. The equity section shows the residual value of the company's assets after liabilities are paid off, which represents the ownership stake of the company's shareholders.

The balance sheet is important because it provides information on a company's financial position, including its liquidity, solvency, and financial flexibility. It is often used by investors, creditors, and other stakeholders to evaluate the company's financial health and make decisions about investing or lending money to the company.

3.3.2.2 Annual Report

An annual report is a comprehensive document that provides detailed information about a company's financial performance, operations, and future prospects. It is typically published once a year and includes information that is of interest to a wide range of stakeholders, including shareholders, investors, employees, customers, and the general public.

The annual report usually begins with a letter from the CEO or chairman of the company, which provides an overview of the company's performance during the previous year and outlines its strategic objectives for the future. This is often followed by a description of the company's industry and market, its business model, and its competitive position.

One of the most important sections of the annual report is the financial statements, which provide detailed information about the company's revenues, expenses, profits, and cash flow. This includes the income statement, balance sheet, and statement of cash flows. In addition to the financial statements, the annual report may include information on non-financial performance indicators, such as sustainability metrics, employee satisfaction, and customer engagement.

The annual report may also include other information of interest to stakeholders, such as the company's governance structure, executive compensation, risk management strategies, and corporate social responsibility initiatives. Overall, the annual report is a valuable source of information for investors, analysts, and other stakeholders who want to understand a company's financial performance and prospects for the future.

3.4 PERIOD OF STUDY

The study was done based on the financial data of Refex Industries Limited's 5 years Balance sheet and The Annual Reports of the company (2017-2022)

3.5 TOOLS FOR ANALYSIS

3.4.1 Equity Value

Equity value is the total value of a company's equity, which is the difference between its total assets and total liabilities. In other words, it is the amount of money that would be returned to shareholders if all of the assets of the company were liquidated and all

of its debts were paid off. Equity value is also known as market capitalization, or simply "market cap."

3.4.2 Leverage Ratio

The term 'leverage ratio' refers to a set of ratios that highlight a business's financial leverage in terms of its assets, liabilities, and equity. They show how much of an organization's capital comes from debt a solid indication of whether a business can make good on its financial obligations.

3.4.2.1 Operating Leverage Ratio:

Operating leverage ratio measures the ratio of a business' contribution margin to its net operating income. It evaluates how much a business' income changes relative to changes in sales. It's calculated using the following formula:

$$\text{Operating Leverage Ratio} = \% \text{ change in EBIT (earnings before interest and taxes)} / \% \text{ change in sales}$$

3.4.2.2 Financial Leverage Ratio

The financial leverage ratio is a measure of a company's total financial liabilities divided by its total assets. It is used to measure the extent to which a company is using debt to finance its operations. A higher financial leverage ratio indicates that a company is using more debt than equity to finance its operations and is thus taking on more risk.

$$\text{Financial leverage Ratio} = \text{Total Debt} / \text{Shareholder's Equity}$$

3.4.3 Debt to Equity Ratio

The relationship between borrowed funds and owner's capital is a popular measure of the long-term financial solvency of a firm. The relationship is shown by the debt-equity ratios. This ratio reflects the relative claims of creditors and shareholders against the assets of the firm. The relationship between outsiders' claims and owner's capital can

be shown in different ways and, accordingly, there are many variants of the debt-equity ratio.

DEBT TO EQUITY RATIO = TOTAL LIABILITIES/TOTAL SHAREHOLDERS EQUITY

3.4.4 Capital Structure

Capital structure refers to the combination of a company's long-term sources of financing, including equity and debt, that it uses to finance its assets and operations. It represents the way a company finances its growth and operations by utilizing different types of capital sources that have different risk profiles and costs of capital.

Equity financing includes common and preferred stock, which represents ownership in the company and is typically issued in exchange for investment capital. Debt financing, on the other hand, includes various types of loans and bonds, which are typically issued with interest payments and must be repaid over time.

A company's capital structure can affect its ability to raise additional capital, its cost of capital, and its risk profile. Companies must carefully balance their use of debt and equity financing to optimize their capital structure and minimize financial risk while maximizing shareholder value.

3.4.5 Historical information of Dividend paid and Market price of the share

3.4.5.1 Dividend

A dividend is a portion of a company's profits that is paid out to its shareholders as a return on their investment in the company. It is a distribution of earnings that is typically paid out in cash, but can also be paid in the form of stock or other property.

Dividends are usually paid on a regular basis, such as quarterly or annually, and are determined by the company's board of directors. The amount of the dividend can vary based on the company's financial performance and other factors, such as its growth prospects and capital requirements.

Dividends are an important source of income for many investors, particularly those seeking regular income from their investments. They can also be an indication of a

company's financial health and its commitment to returning value to its shareholders. However, not all companies pay dividends, as some may choose to reinvest their profits back into the business for growth and expansion instead.

3.4.5.2 Share Price

Share price refers to the current market value or price of a single share of a company's stock. It represents the price at which the stock is currently being traded on a stock exchange, and is determined by the forces of supply and demand in the market.

The share price of a company can fluctuates over time due to various factors, including changes in the company's financial performance, market conditions, industry trends, and investor sentiment. When investors buy shares of a company, they are essentially buying a piece of ownership in that company and the share price represents the perceived value of that ownership.

The share price of a company is an important metric for investors, as it can affect the overall return on investment. Investors may buy and sell shares based on changes in the share price in order to maximize their profits or limit their losses. Share price can also be an indication of the company's financial performance and future growth prospects, and can be used to compare the company's valuation with other companies in the same industry or sector.

3.4.5 Historical information of Turnover and Marginal Return

3.4.5.1 Turnover

Turnover refers to the total value of goods or services that a company sells or provides during a specific period of time, typically a year. It is also known as revenue or sales and is calculated by multiplying the total quantity of goods or services sold by their respective prices.

Turnover is an important measure of a company's financial performance, as it indicates how effectively the company is generating revenue from its operations. High turnover can be a sign of strong demand for a company's products or services, while low turnover may suggest weak demand or ineffective sales strategies.

Turnover can also be used to calculate other financial metrics, such as the gross profit margin, which measures the profitability of a company's sales after deducting the cost

of goods sold. High turnover combined with high gross profit margins can indicate a successful business model and strong financial performance.

3.4.5.2 Marginal Return

Marginal return, also known as marginal benefit, refers to the additional benefit or return that is gained from a small incremental change in an activity or investment. It is the change in total output or revenue that results from a one-unit increase in the production or investment level.

3.4.6 Trend analysis

Trend analysis is a financial analysis technique that involves examining a company's financial data over time to identify any patterns or trends that can provide insights into its financial performance. The analysis is done by comparing financial data for different periods, such as years, quarters, or months, and identifying any changes, growth, or declines in the data. Trend analysis is an important tool in financial statement analysis as it helps in identifying the direction and speed of change in a company's financial performance. It enables analysts to track the company's progress over time and to identify any areas of concern or opportunities for growth.

Some of the key steps involved in trend analysis are

- 1) Identify the financial data to be analysed: Determine which financial statements and accounts will be analysed, such as income statement, balance sheet, and cash flow statement.
- 2) Collect the data: Gather the financial data for the selected periods, ensuring that the data is accurate, reliable, and consistent.
- 3) Calculate the percentage change: Calculate the percentage change in each account by dividing the difference between the values for two periods by the value of the earlier period, then multiplying by 100.
- 4) Analyse the trends: Analyse the trends in the financial data by examining the percentage changes over time.

Look for any patterns, trends, or anomalies in the data and identify any areas of concern or opportunities for growth. Trend analysis can be useful in identifying financial risks, such as declining revenues, increasing costs, or decreasing profitability,

and in identifying opportunities for growth, such as increasing sales, expanding into new markets, or improving efficiency. It can also be useful in forecasting future financial performance based on historical trends and in making informed investment decisions.

CHAPTER 4

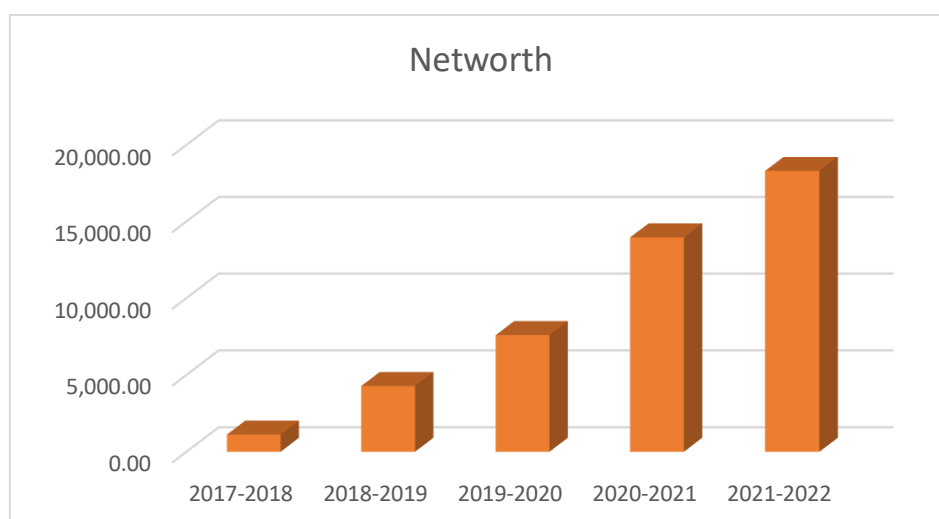
DATA ANALYSIS AND INTERPRETATIONS

4.1 NETWORK

TABLE 4.1.1: TABLE SHOWING NETWORK

S.NO	Year	Net worth
1	2017-2018	1114.14
2	2018-2019	4277.48
3	2019-2020	7585.53
4	2020-2021	13957.01
5	2021-2022	18296.23

CHART 4.1.1: GRAPHICAL REPRESENTATION OF NETWORK



Interpretation

The net worth for the year 2017-2018 is Rs.1114.14, for the year 2018-2019 is Rs. 4277.48, for the year 2019-2020 is Rs. 7585.53, for the year 2020-2021 is Rs. 13957.01, for the year 2021-2022 is Rs. 18,296.23.

4.2 LEVERAGE

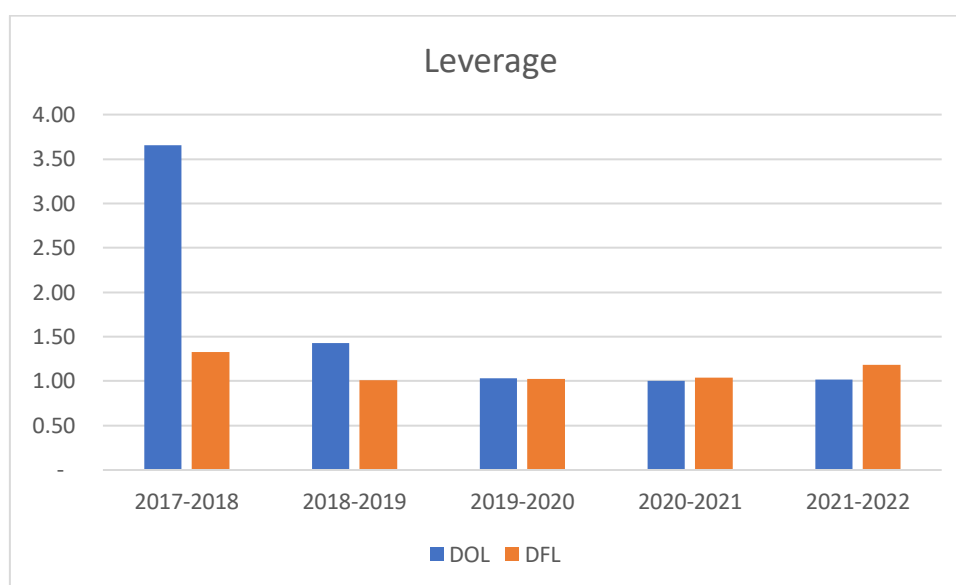
4.2.1 TABLE SHOWING THE DEGREE OF OPERATING LEVERAGE

Year	Total Revenue	Variable Cost	Consideration	Fixed Expenses	EBIT	DOL
2017-2018	7,941.37	6,138.72	1,802.65	1,309.26	493.39	3.65
2018-2019	46,290.48	41,978.66	4,311.82	1,298.96	3,012.86	1.43
2019-2020	66,553.52	60,707.72	5,845.80	195.28	5,650.52	1.03
2020-2021	63,710.25	38,907.34	24,802.91	101.00	24,701.91	1.00
2021-2022	44,898.48	38,510.08	6,388.40	102.62	6,285.78	1.02

4.2.2 TABLE SHOWING THE DEGREE OF FINANCIAL LEVERAGE

Year	EBIT	Interest	EBT	DFL
2017-2018	493.39	120.86	372.53	1.32
2018-2019	3,012.86	29.67	2,983.19	1.01
2019-2020	5,650.52	139.32	5,511.20	1.03
2020-2021	24,701.91	897.03	23,804.88	1.04
2021-2022	6,285.78	960.71	5,325.07	1.18

4.2 CHART SHOWING DEGREE OF OPERATING AND FINANCIAL LEVERAGE



Interpretation: The degree of operating leverage for the year 2017 to 2018 is 3.65, for the year 2018 to 2019 is 1.43, for the year 2019 to 2020 is 1.03, for the year 2020 to 2021 is 1.00, for the year 2021 to 2022 is 1.02.

The Degree of financial leverage for the year 2017 to 2018 is 1.32, for the year 2018 to 2019 is 1.01, for the year 2019 to 2020 is 1.03, for the year 2020 to 2021 is 1.04, for the year 2021 to 2022 is 1.18.

4.3 CAPITAL STRUCTURE

TABLE: 4.3.1: TABLE SHOWING CAPITAL STRUCTURE

Year	Debt	Equity	Total Fund	Ratio
2017-2018	32.71	1110.02	1142.73	2.9: 97.1
2018-2019	17.92	4277.48	4295.40	0.4: 99.6
2019-2020	-	7585.53	7585.53	0: 100
2020-2021	8.98	13956.83	13965.81	0.1: 99.9
2021-2022	102.60	18396.05	18498.65	0.6: 99.4

Interpretation: The debt-equity ratio for the year 2017 to 2018 is 2.9:97.1, for the year 2018 to 2019 is 0.4:99.6, for the year 2019 to 2020 is 0:100, for the year 2020 to 2021 is 0.1:99.9, for the year 2021 to 2022 is 0.6:99.4.

4.4 COST OF CAPITAL

TABLE 4.4.1: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2017-2018

Year	Description	Value	Rate	Amount
2017-2018	Equity	1547.52	4.07%	62.93
	Reserves	-437.50	4.07%	-17.79
	Vehicle Loan	32.71	10%	3.27
	Total	1142.73	-	48.41
	Cost of Capital	4.24%		

TABLE 4.4.2: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2018-2019

Year	Description	Value	Rate	Amount
2018-2019	Equity	1547.52	55.24%	854.90
	Reserves	2729.96	55.24%	1508.12
	Vehicle Loan	17.92	10%	1.79
	Total	4295.40	-	2364.81
	Cost of Capital	55.05%		

TABLE 4.4.3: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2019-2020

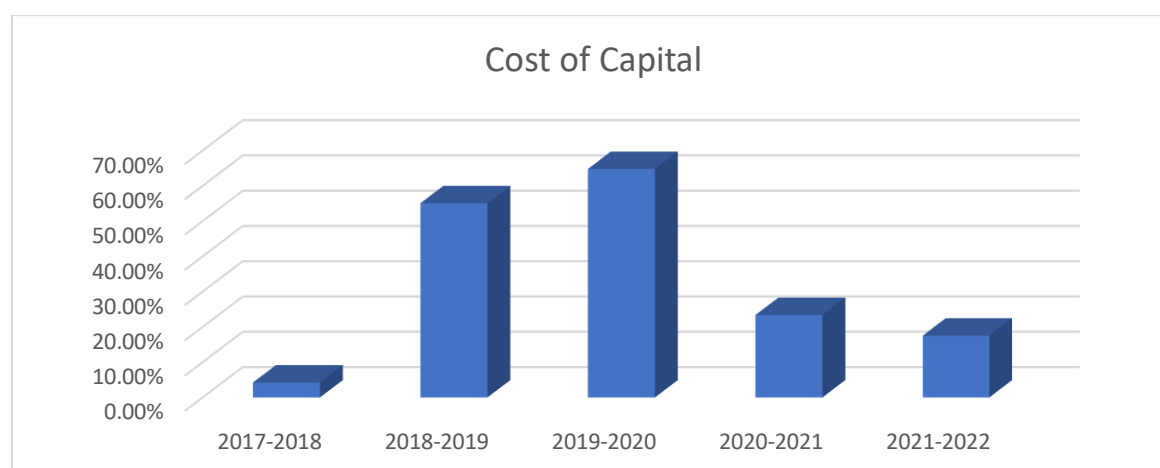
Year	Description	Value	Rate	Amount
2019-2020	Equity	1547.52	64.79%	1002.61
	Reserves	6038.01	64.79%	3911.90
	Vehicle Loan	-	0%	-
	Total	7585.53	-	4914.50
	Cost of Capital	64.79%		

TABLE 4.4.4: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2020-2021

Year	Description	Value	Rate	Amount
2020-2021	Equity	2100.02	23.38%	490.91
	Reserves	11856.81	23.38%	2771.69
	Vehicle Loan	8.98	10%	0.90
	Total	13965.81	-	3263.49
	Cost of Capital	23.37%		

TABLE 4.4.5: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2021-2022

Year	Description	Value	Rate	Amount
2021-2022	Equity	2100.02	17.57%	368.95
	Reserves	16296.03	17.57%	2863.07
	Vehicle Loan	102.60	10%	10.26
	Total	18498.65	-	3242.28
	Cost of Capital	17.53%		

CHART 4.4: GRAPHICAL REPRESENTATION OF COST OF CAPITAL

Interpretation: The Cost of capital for the year 2017 to 2018 is 4.24%, for the year 2018 to 2019 is 55.05%, for the year 2019 to 2020 is 64.79%, for the year 2020 to 2021 is 23.37%, for the year 2021 to 2022 is 17.53%.

4.5 VOLATILITY OF SHARE PRICE BASED ON DIVIDEND PAYOUT

TABLE 4.5.1: TABLE SHOWING CHANGES IN DIVIDEND AND SHARE PRICE

Year	Dividend	Share Price	Changes in Dividend	Changes in Share Price
2017-2018	0.61	15	0%	0%
2018-2019	20.44	37	3251%	147%
2019-2020	21.38	33	5%	-11%
2020-2021	21.74	93	2%	182%
2021-2022	21.61	123	-1%	32%

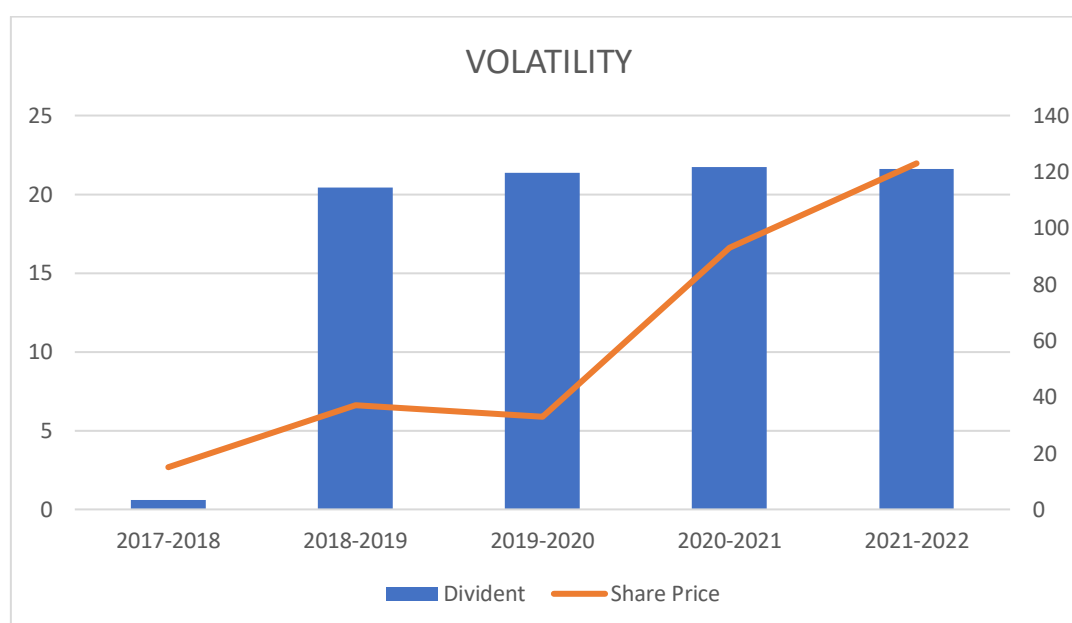


CHART 4.5: GRAPHICAL REPRESENTATION OF CHANGES IN DIVIDEND AND SHARE PRICE

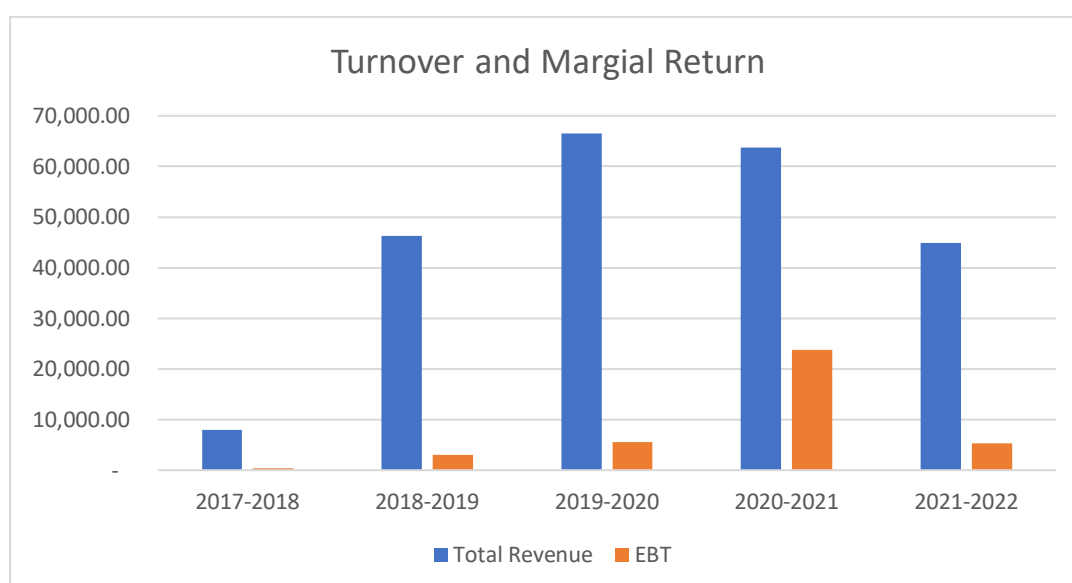
Interpretation: The Volatility in the dividend and share price for the years 2017 to 2018 is 0%, for the years 2018 to 2019 is 3251% and 147%, for the years 2019 to 2020 is 5% and -11%, for the year 2020 to 2021 is 2% and 182%, for the year 2021 to 2022 is -1% and 32%.

4.6 TREND OF TURNOVER AND MARGINAL RETURN

TABLE 4.6.1: TABLE SHOWING CHANGES IN TURNOVER AND MARGINAL RETURN

Year	Changes In Turnover	Changes in Marginal Return
2017-2018	0%	0%
2018-2019	483%	701%
2019-2020	44%	85%
2020-2021	-4%	332%
221-2022	-30%	-78%

CHART 4.6: GRAPHICAL REPRESENTATION OF CHANGES IN TURNOVER AND MARGINAL RETURN



Interpretation: The percentage of change in Turnover and Marginal Return for the year 2017 to 2018 is 0%, for the year 2018 to 2019 is 483% and 701%, for the year 2019 to 2020 is 44% and 85%, for the year 2020 to 2021 is -4% and 332%, for the year 2021 to 2022 is -30% and -78%.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 Findings

1. Net Worth: The company's net worth has steadily increased over the past five years, from Rs. 1114.14 in 2017-2018 to Rs. 18,296.23 in 2021-2022.
2. Degree of Operating Leverage: The degree of operating leverage has decreased significantly over the years, indicating that the company has become less sensitive to changes in sales volume.
3. Degree of Financial Leverage: The degree of financial leverage has fluctuated over the years, with the highest leverage being in 2021-2022, indicating that the company has taken on more debt to finance its operations.
4. Debt-Equity Ratio: The debt-equity ratio has decreased significantly over the years, indicating that the company has reduced its dependence on debt financing.
5. Cost of Capital: The cost of capital has fluctuated significantly over the years, with the highest cost being in 2019-2020. This indicates that the company has faced challenges in raising capital during this period.
6. Volatility in Dividend and Share Price: The volatility in dividend and share price has fluctuated over the years, with the highest volatility being in 2018-2019. This indicates that the company's performance has been highly unpredictable in the past.
7. Percentage of Change in Turnover and Marginal Return: The percentage of change in turnover and marginal return has fluctuated over the years, with the highest increase being in 2018-2019. This indicates that the company has experienced significant growth during this period, but has faced challenges in maintaining its profitability in the following years.

5.2 Suggestions

1. Improve operating efficiency: Since the degree of operating leverage has decreased, the company could focus on improving its operating efficiency to reduce costs and improve profitability.
2. Manage debt levels: While the debt-equity ratio has decreased, the degree of financial leverage has fluctuated, indicating that the company should be cautious about taking on too much debt. It could consider alternative financing options such as equity financing.
3. Control cost of capital: Since the cost of capital has fluctuated significantly over the years, the company could focus on maintaining a good credit rating and exploring alternative sources of funding to keep the cost of capital low.
4. Maintain stable dividends: Since the volatility in dividends and share price has fluctuated over the years, the company could consider maintaining stable dividends to attract investors and maintain their confidence.
5. Focus on sustainable growth: While the percentage of change in turnover and the marginal return has fluctuated over the years, the company could focus on sustainable growth by diversifying its products or services, exploring new markets and investing in research and development.

5.3 Conclusion

Based on the data provided above, it can be concluded that the company's net worth has steadily increased over the past five years, indicating that it has been successful in generating profits. However, the degree of operating leverage has decreased significantly over the years, suggesting that the company has become less sensitive to changes in sales volume. The degree of financial leverage has also fluctuated, with the highest leverage being in 2021-2022, indicating that the company has taken on more debt to finance its operations.

The debt-equity ratio has decreased significantly over the years, indicating that the company has reduced its dependence on debt financing. However, the cost of capital has fluctuated significantly, with the highest cost being in 2019-2020, indicating that the company has faced challenges in raising capital during this period.

The volatility in dividend and share price has also fluctuated over the years, with the highest volatility being in 2018-2019. This indicates that the company's performance has been highly unpredictable in the past. Finally, the percentage of change in turnover and marginal return has fluctuated over the years, with the highest increase being in 2018-2019. This indicates that the company has experienced significant growth during this period but has faced challenges in maintaining its profitability in the following years.

In conclusion, the company should focus on improving its operating efficiency to reduce costs and improve profitability, manage its debt levels carefully, and maintain stable dividends to attract investors and maintain their confidence. Additionally, it should focus on sustainable growth to ensure long-term success.

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ANNEXURE- I

Balance Sheet For the Financial Year 2021 - 2022

Key Figures (in ₹ Lakhs)

Particulars	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Revenue from operations	44,395.88	63,265.88	66,074.43	46,105.11	7,685.83
EBITDA	5,783.19	6,767.50	5,134.91	2,827.49	173.3
Profit Before Tax	6,097.94	5,785.79	4,802.66	2,886.97	173.82
Net Profit	4,538.99	4,094.33	3,313.25	3,136.41	94.26
Net Fixed Assets	1,995.11	1,529.77	1,491.75	1,485.57	1,430.87
Cash Profit	5,103.74	4,623.38	3,452.57	3,232.64	177
EBITDA Margins (%)	13.03	10.7	7.77	6.13	2.25
PAT Margins (%)	10.32	6.47	5.01	6.8	1.22
D/E Ratio (In times)	0.46	0.53	0.11	0.004	3.67
EPS (Face Value @ ₹ 10)(In ₹)	21.61	21.74	21.38	20.44	0.61
DPS (Face Value @ ₹ 1)(In ₹)	21.61	21.74	21.38	20.44	0.61

** Cash Profit = PAT + Depreciation

Balance Sheet Summary (in ₹ Lakhs)

Particulars	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Non-Current Assets	16,748.19	17,047.82	2,874.42	2,737.18	1,986.64
Current Assets	21,345.27	17,091.99	10,922.46	13,118.14	7,807.73
Total Assets	38,093.46	34,139.82	13,796.88	15,855.32	9,794.37
Shareholder's Funds	18,296.23	13,957.01	7,585.53	4,277.48	1,114.14
Non-Current Liabilities	6,114.18	7,275.65	1,340.42	33.58	4,144.00
Current Liabilities	13,583.05	12,907.14	4,870.93	11,544.28	4,536.23
Total Equity and Liabilities	38,093.46	34,139.82	13,796.88	15,855.32	9,794.37

Statement of Profit and Loss account for the Financial year 2021-2022

(€ in lakhs)

Particulars	Note No	For Year Ended March 31, 2022 (Audited)	For Year Ended March 31, 2021 (Audited)
Income			
I Revenue from operations	21	44,395.88	63,265.88
II Other income	22	502.60	444.37
III Total Income (I+II)		44,898.48	63,710.25
IV Expenses			
Cost of material consumed	23	17,278.81	20,862.53
Changes in inventories of finished goods and stock-in-trade	23	(197.82)	(230.40)
Purchase of stock in trade	24	18,268.35	32,065.85
Employee benefits expenses	25	1,315.67	602.81
Finance costs	26	960.71	897.03
Depreciation and Amortisation	27	564.75	529.05
Other Expenses	28	1,947.69	3,197.59
Total expenses (IV)		40,138.15	57,924.46
V Profit/(loss) before exceptional items and tax		4,760.33	5,785.79
VI Exceptional items	39	1,337.61	-
VII Profit/(loss) before tax		6,097.94	5,785.79
VIII Tax expense			
- Current Tax		1,394.49	1,772.38
- Deferred Tax		164.47	(80.93)
IX Profit/(loss) for the period		4,538.99	4,094.33
X Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan actuarial gains/ (losses)	15	5.23	0.11
		5.23	0.11
XI Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period)		4,544.22	4,094.43
XII Earnings per equity share			
(1) Basic		21.61	21.74
(2) Diluted		21.61	21.74

The accompanying notes form an integral part of these financial statements 29-40

Notes 1 to 40 forms part of the Financials

As per our report of even date attached

For and On behalf of the Board of Directors

Balance Sheet For the Financial Year 2020 – 2021

Particulars	Note No	Amount in Lakhs	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	1	1,529.77	1,491.75
(b) Right of use assets	2	7,148.55	701.99
(c) Intangible			-
(d) Capital Work in Progress			-
(e) Non-current financial assets			
(i) Investments	3	7,405	5.00
(ii) Trade receivables			
(iii) Other non current financial assets	4	700.00	700.00
(f) Deferred Tax Assets	5	264.50	183.57
(g) Other Non current assets	6	-	-
Current assets			
(a) Inventories	7	548.64	318.25
(b) Financial Assets			
(i) Trade receivables	8	9,295.79	7,227.27
(ii) Cash and cash equivalents	9	1,724.45	2,095.17
(iii) Bank Balances other than (ii) above		-	-
(iv) Other current financial assets	10	5043.03	270.85
(c) Current Tax Assets (Net)	11	-	-
(d) Other current assets	12	480.08	803.04
Total Assets		34,139.82	13,796.88
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	13	2,100.20	1,547.52
(b) Other Equity	14	11,856.81	6,038.01
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Long term Borrowings	15	8.98	-
(ii) Lease Liability	2	6,318.13	613.96
(b) Deferred Tax Liabilities		-	-
(c) Long Term provisions	16	948.54	608.79
Current liabilities			
(a) Financial Liabilities			
(i) Short term Borrowings	15	1.98	171.90
(ii) Lease Liability	2	1,086.26	116.22
(iii) Trade payables	17	10,038.35	4,120.23
(iv) Other financial liabilities	18	36.00	55.48
(b) Other current liabilities	19	1,744.55	524.77
Total Equity and Liabilities		34,139.82	13,796.88
The accompanying notes form an integral part of these financial statements	28-38		
Notes 1 to 38 forms part of the Financials			

Statement of Profit and Loss account for the Financial year 2020-2019

		Amount in Lakhs	
Particulars	Note No	For Year Ended March 31, 2021	For Year Ended March 31, 2020
Income			
I Revenue from operations	20	63,265.88	66,074.43
II Other income	21	444.37	479.09
III Total Income (I+II)		63,710.25	66,553.52
IV Expenses			
Cost of material consumed	22	20,862.53	43,010.87
Changes in inventories of finished goods and stock-in-trade		(230.40)	440.44
Purchase of stock in trade	23	32,065.85	12,293.90
Employee benefits expenses	24	602.81	312.95
Finance costs	25	897.03	90.57
Depreciation and Amortisation	26	529.05	139.32
Other Expenses	27	3,197.59	4,881.35
Total expenses (IV)		57,924.46	61,169.41
V Profit/(loss) before exceptional items and tax		5,785.79	5,384.11
VI Exceptional items		-	(581.46)
VII Profit/(loss) before tax		5,785.79	4,802.66
VIII Tax expense			
- Current Tax		1,772.38	767.56
Less: MAT Entitlement Credit		-	646.44
- Deferred Tax		(80.93)	75.42
IX Profit/(loss) for the period		4,094.33	3,313.25
X Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plan actuarial gains/ (losses)		0.11	(5.19)
		0.11	(5.19)
XI Total Comprehensive Income for the period (Comprisingprofit and other comprehensive income for the period)		4,094.43	3,308.05
XII Earnings per equity share			
(1) Basic		21.74	21.38
(2) Diluted		21.74	21.38
The accompanying notes form an integral part of these financial statements	28-38		

Notes 1 to 38 forms part of the Financials

Balance Sheet For the Financial Year 2019 – 2020

(ALL AMOUNT ARE IN INDIAN RUPEES, UNLESS OTHERWISE STATED)				
(Rs. In Lakhs)				
	Particulars	Note No	As at March 31, 2020	As at March 31, 2019
A	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	1	1,491.75	1,485.57
	(b) Right of use assets	2	701.99	-
	(c) Intangible		-	2.21
	(d) Capital Work in Progress		-	26.68
	(e) Non-current financial assets			
	(i) Investments	3	5.00	5.00
	(ii) Trade receivables			
	(iii) Other non current financial assets	4	59.54	61.03
	(f) Deferred Tax Assets	5	183.57	905.43
	(g) Other Non current assets	6	432.57	251.26
2	Current assets			
	(a) Inventories	7	318.25	758.69
	(b) Financial Assets			
	(i) Trade receivables	8	7,227.27	8,749.67
	(ii) Cash and cash equivalents	9	2,095.17	386.80
	(iii) Bank Balances other than (ii) above		-	-
	(iv) Other current financial assets	10	911.30	798.56
	(c) Current Tax Assets (Net)	11	-	109.75
	(d) Other current assets	12	370.47	2,314.67
	Total Assets		13,796.88	15,855.32
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	13	1,547.52	1,547.52
	(b) Other Equity	14	6,038.01	2,729.96
	LIABILITIES			
2	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Long term Borrowings	15	-	17.92
	(ii) Lease Liability	2	613.96	-
	(b) Deferred Tax Liabilities		-	-
	(c) Long Term provisions	16	726.46	15.65
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Short term Borrowings	15	171.90	-
	(ii) Lease Liability	2	116.22	-
	(iii) Trade payables	17	4,120.23	10,117.89
	(iv) Other financial liabilities	18	55.48	45.79
	(b) Other current liabilities	19	407.10	1,380.60
	Total Equity and Liabilities		13,796.88	15,855.32
	The accompanying notes form an integral part of these financial statements	28-38		

Notes 1 to 38 forms part of the Financials
As per our report of even date attached

For and On behalf of the Board of Directors

Statement of Profit and Loss account for the Financial year 2021-2022

(ALL AMOUNT ARE IN INDIAN RUPEES, UNLESS OTHERWISE STATED)

(Rs. In Lakhs)

	Particulars	Note No	For Year Ended March 31, 2020	For Year Ended March 31, 2019
			Audited	Audited
1	Income			
	I Revenue from operations	20	66,074.43	46,105.11
	II Other income	21	479.09	185.38
	III Total Income (I+II)		66,553.52	46,290.48
IV	Expenses			
	Cost of material consumed	22	43,451.31	16,740.29
	Purchase of stock in trade	23	12,293.90	23,570.98
	Excise duty on sale of goods		-	-
	Employee benefits expenses	24	312.95	243.94
	Finance costs	25	90.57	29.67
	Depreciation and Amortisation	26	139.32	96.23
	Other Expenses	27	4,881.35	2,722.41
	Total expenses (IV)		61,169.41	43,403.51
V	Profit/(loss) before exceptional items and tax		5,384.12	2,886.97
VI	Exceptional items		(581.46)	-
VII	Profit/(loss) before tax		4,802.66	2,886.97
VIII	Tax expense			
	- Current Tax		767.56	646.44
	Less: MAT Entitlement Credit		646.44	(646.44)
	- Deferred Tax		75.42	(276.44)
IX	Profit/(loss) for the period		3,313.25	3,163.41
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurements of defined benefit plan actuarial gains/ (losses)		(5.19)	(0.07)
	Income tax expense on above		(5.19)	(0.07)
XI	Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period)		3,308.05	3,163.33
XII	Earnings per equity share			
	(1) Basic		21.38	20.44
	(2) Diluted		21.38	20.44
	The accompanying notes form an integral part of these financial statements	28-38		

Notes 1 to 38 forms part of the Financials
As per our report of even date attached

For and On behalf of the Board of Directors

Balance Sheet For the Financial Year 2018 – 2019

Standalone Balance Sheet as at March 31, 2019

(Rs. in Lakhs)

	Particulars	Note No.	As at 31st March 2019 ₹	As at 31st March 2018 ₹
A	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	1	1,485.57	1,430.87
	(a) Intangible	2	2.21	-
	(a) Capital Work in Progress		26.68	-
	(b) Non-current financial assets			
	(i) Investments	3	5.00	5.00
	(ii) Trade receivables		-	-
	(iii) Other non current financial assets	4	61.03	105.48
	(d) Deferred Tax Assets	5	905.43	-
	(d) Other Non current assets	6	251.26	303.21
2	Current assets			
	(a) Inventories	7	758.69	522.60
	(b) Financial Assets			
	(i) Trade receivables	8	8,749.67	3,651.37
	(ii) Cash and cash equivalents	9	386.80	69.36
	(iii) Bank Balances other than(ii)above		-	-
	(iv) Other current financial assets	10	798.56	3,537.20
	(c) Current Tax Assets (Net)	11	109.75	98.67
	(d) Other current assets	12	2,314.67	27.20
	Total Assets		15,855.32	9,750.96
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	13	1,547.52	1,547.52
	(b) Other Equity	14	2,729.96	(433.38)
2	LIABILITIES			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Long term Borrowings	15	17.92	4,094.56
	(i) Other(s)		-	-
	(b) Deferred Tax Liabilities	5	-	17.44
	b) Long Term provisions	16	15.65	31.27
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Short term Borrowings			
	(ii) Trade payables	17	10,117.89	4,140.51
	(iii) Other financial liabilities	18	45.79	51.23
	(b) Other current liabilities	19	1,380.60	301.80
	Total Equity and Liabilities		15,855.32	9,750.96
	See accompanying Notes forming part of the Financial Statements	28-38		

Notes 1 to 38 form part of financials
As per our report of even date attached

For and on behalf of the Board of Directors

Statement of Profit and Loss account for the Financial year 2018-2019

(Rs. in Lakhs)				
	Particulars	Note No.	For the year ended 31 March, 2019	For the year ended 31 March, 2018
			₹	₹
1	INCOME			
	i. Revenue from operations	20	46,105.11	7,737.25
	ii. Other income	21	185.38	204.12
	III Total Income (I+II)		46,290.48	7,941.37
IV	Expenses			
	Cost of material consumed	22	16,740.29	650.15
	Purchase of stock in trade	23	23,570.98	5,070.73
	Excise duty on sale of goods		-	51.42
	Employee benefits expenses	24	243.94	115.97
	Finance costs	25	29.67	120.86
	Depreciation and Amortisation	26	96.23	82.74
	Other Expenses	27	2,722.41	1,675.68
	Total expenses (IV)		43,403.51	7,767.55
V	Profit/(loss) before exceptional items and tax		2,886.97	173.82
VI	Exceptional items			
VII	Profit/(loss) before tax		2,886.97	173.82
VIII	Tax expense			
	- Current Tax	5	646.44	-
	Less: MAT Entitlement Credit		(646.44)	-
	- Deferred Tax	5	(276.44)	79.57
IX	Profit/(loss) for the period		3,163.41	94.26
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurements of defined benefit plan actuarial gains/ (losses)		(0.07)	-
	Income tax expense on above		(0.07)	-
XI	Total Comprehensive Income for the period (Comprising.....profit and other comprehensive income for the period)		3,163.33	94.26
XII	Earnings per equity share			
	(1) Basic		20.44	0.61
	(2) Diluted		20.44	0.61
	See accompanying notes forming part of the Financial Statements	28-38		

Notes 1 to 38 form part of financials

Balance Sheet For the Financial Year 2017 – 2018

Balance Sheet as at 31st March, 2018

	Particulars	Note No.	As at 31 st March 2018 ₹	As at 31 st March 2017 ₹
A	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	Tangible assets	3	14,30,87,399	14,60,28,577
	(b) Deferred Tax Asset (Net)		-	62,12,343
	(c) Non-current investments	4	5,00,000	5,81,820
	(d) Long term Loans & Advances	5	4,01,81,335	1,91,81,374
	(e) Other Non-Current Assets	6	1,48,95,343	2,39,54,492
			19,86,64,077	19,59,58,606
2	Current assets			
	(a) Inventories	7	5,22,60,124	1,22,38,395
	(b) Trade receivables	8	36,51,36,731	8,98,17,975
	(c) Cash and cash equivalents	9	69,36,249	76,35,312
	(d) Short-term loans and advances	10	34,52,16,139	28,01,87,006
	(e) Other Current Assets	11	1,12,24,002	1,49,92,760
			78,07,73,245	40,48,71,448
	TOTAL Assets		97,94,37,322	60,08,30,054
B	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	12	15,47,51,760	15,47,51,760
	(b) Reserves and surplus	13	(4,33,37,681)	(5,27,63,421)
			11,14,14,079	10,19,88,340
2	Non-current liabilities			
	(a) Long-term borrowings	14	35,53,88,274	34,95,27,017
	(b) Deferred tax liabilities (Net)		17,44,199	-
	(c) Other long-term liabilities	15	5,41,40,253	1,19,39,728
	(d) Long-term provisions	16	31,27,101	31,27,101
			41,43,99,827	36,45,93,846
3	Current liabilities			
	(a) Trade payables	17	41,40,51,122	8,46,56,247
	(b) Other current liabilities	18	3,52,31,008	4,52,50,335
	(c) Short-term provisions	19	43,41,286	43,41,286
			45,36,23,416	13,42,47,868
	TOTAL Liabilities		97,94,37,322	60,08,30,054
	See accompanying Notes forming part of the Financial Statements	27-30		

Notes 1 to 30 form part of Financials

In terms of our report attached.

For M KRISHNAKUMAR & ASSOCIATES

For and on behalf of the Board of Directors

Statement of Profit and Loss account for the Financial year 2017-2018

Hetex Industries Limited

Statement of Profit and Loss for the year ended 31st March, 2018

	Particulars	Note No.	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
			₹	₹
	INCOME			
1	Revenue from operations (Net)	20	76,85,82,739	37,71,82,046
2	Other income	21	2,04,12,307	1,68,97,773
3	TOTAL INCOME (1+2)		78,89,95,046	39,40,79,819
4	EXPENSES			
	(a) Cost of Materials Consumed	22.a	6,26,80,055	4,41,28,994
	(b) Purchase of Traded goods	22.b	50,70,72,756	15,38,92,500
	(c) Employee Benefits Expense	23	1,15,96,780	67,19,987
	(d) Finance costs	24	1,16,85,913	2,52,46,503
	(e) Depreciation and Amortisation Expense	3	82,74,428	78,74,413
	(f) Other expenses	25	16,97,73,574	15,08,76,981
	TOTAL EXPENSES		77,10,83,506	38,87,39,378
5	Profit / (Loss) before exceptional items and tax (3 - 4)		1,79,11,539	53,40,441
6	Exceptional items	26	5,29,257	8,270
7	Profit / (Loss) before tax (5 - 6)		1,73,82,282	53,32,171
8	Tax expense:			
	(a) Current tax expense for current year		-	-
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Net current tax expense		-	-
	(d) Deferred tax (Asset)		(79,56,542)	(7,01,350)
	Total		(79,56,542)	(7,01,350)
9	Profit / (Loss) for the year (7 - 8)		94,25,740	46,30,821
10	Earnings per share (of Rs.10/- each):			
	Basic and Diluted	28.3	0.61	0.30
	Weighted Average number of Equity Shares (F.V of Rs.10/- each)		1,54,75,176	1,54,75,176
	See accompanying notes forming part of the Financial Statements	27-30		

Notes 1 to 30 form part of Financials
In terms of our report attached.

For and on behalf of the Board of Directors

ANNEXURE II

RESEARCH ARTICLE

ANALYZING THE FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF A COMPANY IN CHENNAI

Dr. R. Blessie Pathmu, Assistant Professor, School of Management Studies, Sathyabama Institute of Science and Technology, Chennai, Tamilnadu, India

Praveena M MBA student, School of Management Studies, Sathyabama Institute of Science and Technology, Chennai, Tamilnadu, India

ABSTRACT: This study analyses the financial performance and position of Refex Industries Limited, a leading manufacturer and distributor of industrial products and services. It evaluates the net worth, leverage, capital structure, cost of capital, volatility of share price based on dividend payout, and trend of turnover and marginal return. The findings show that the company's net worth has steadily increased, while the degree of operating leverage has decreased, and the degree of financial leverage has fluctuated. The debt equity ratio has decreased, but the cost of capital has fluctuated significantly. The study suggests that the company should focus on improving its operating efficiency, managing its debt levels carefully, controlling the cost of capital, maintaining stable dividends, and focusing on sustainable growth. In conclusion, the company should focus on improving its operating efficiency to reduce costs and improve profitability, manage its debt levels carefully, and maintain stable dividends to attract investors and maintain their confidence. Additionally, it should focus on sustainable growth to ensure long-term success.

Keywords: Financial analysis, financial performance, Ratio Analysis, Trend, Share Price, Marginal Return, Turnover

I. INTRODUCTION

Refex Industries Limited is a well-established player in the industrial products and services sector, having been in operation for many years. The company's products and services are used across a wide range of industries, including automotive, construction, and energy, among others. As a manufacturer and distributor, the company faces significant competition from both domestic and international players. Therefore, it is essential to maintain a strong financial position to remain competitive and achieve sustainable growth and profitability.

To assess the financial health and performance of Refex Industries Limited, this study will analyse the company's income statement and balance sheet. The income statement will provide insight into the company's revenue and expenses, allowing us to assess its profitability. Meanwhile, the balance sheet will provide information about the company's assets, liabilities, and equity, allowing us to assess its financial position.

In addition to examining the income statement and balance sheet, this study will also analyse key financial ratios to gain a better understanding of the company's financial strength. The debt-to-equity ratio, for instance, will help us assess the company's leverage and solvency. Meanwhile, the current ratio will give us an indication of the company's ability to meet its short-term obligations.

Finally, this study will provide suggestions for improvement to help Refex Industries Limited continue to achieve sustainable growth and profitability. These suggestions may include measures such as improving operational efficiency, exploring new markets, and diversifying its product range. By implementing these suggestions, the company can remain competitive and continue to achieve its long-term strategic goals.

II. OBJECTIVE OF THE STUDY

1. To evaluate the Net worth of Refex Industries.
2. To evaluate the Leverage of Refex.

3. To analyse the capital structure of Refex Industries.
4. To evaluate the Cost of Capital of Refex Industries.
5. To analyse the volatility of share price based on dividend payout.
6. To analyse the trend of turnover and marginal return

III. NEED FOR THE STUDY

The study focuses on assessing the financial performance and financial position of Refex Industries Limited, a company that operates in a highly competitive market. By evaluating its net worth, leverage, capital structure, cost of capital, share price volatility, and turnover and marginal returns, this study seeks to provide insights into the company's financial health and growth potential.

IV. SCOPE OF THE STUDY

The scope of this study is to analyse Refex Industries Limited's financial performance and financial position. This study will focus on the company's net worth, leverage, capital structure, cost of capital, share price volatility, and turnover and marginal returns. The research will include a review of Refex Industries Limited's financial statements over the past five years (2017 to 2021) as well as an analysis of the company's share price performance. The findings of this study will provide stakeholders with valuable insights into the company's financial health and inform decision-making.

REVIEW OF LITERATURE

Ferrer Serra, Félix (2022), The subject Financial Statement Analysis, located in the Degree of ADE for entrepreneurs, third year, second semester, intends that the student who has completed the first course in the subject Financial Accounting and in which has learned, among other aspects, to prepare the Financial Statements of a company, complete the knowledge of the accounting cycle with five additional skills: First, preparing the student to be able to extract and communicate to users, both internal and external, the information contained in Financial Statements, so that they can make decisions of economic nature (invest or not to invest, expand the business or not, extend credit or not, finance through debt or through the contribution of funds by owners, whether the company is in financial balance; etc.). Secondly, training the student to apply the tools of analysis acquired to the Annual Statements or Financial Statements of a company, being able to judge the economic and financial situation and trying to give solutions to possible imbalance situations. Third, in the development of its activity, the company generates receivables in its favor, which later transform into money by charging thereof; but also, it incurs in debts and payment obligations to be met by the application of the previous money.

Xiao-Jun Zhang (2022), This study generates a summary score that provides information on the trailing P/E ratio and the sustainability (or persistence) of earnings. The score is provided by a model that extracts information about unsustainable profits from financial statements by taking use of accounting relationships that demand that unsustainable profits leave a trail in the accounts. The study also develops a P/E model that acknowledges that investors buy future earnings and that, if those earnings are not sustainable in the future, investors should pay less for current earnings. The methodology reliably detects unsustainable earnings in out-of-sample prediction tests and also explains cross-sectional variations in P/E ratios. Additionally, the study discovers that stock returns are predictable even when traded P/E ratios are not the same as those predicted by our P/E model.

Sanny and Yanti (2019), the study deals with "DuPont analysis integrative approach to ratio analysis at PT/ federal international finance" Significant differences between "Return on Investment (ROI) and Return on Equity (ROE)" were discovered using DuPont analysis based on Price Target (PT). Federal International Finance from 2009 to 2013. This indicates that DuPont analysis utilises "ROE" more effectively.

Bhagyalakshmi and Saraswathi (2019), the authors examined the "financial performance evaluation using DuPont Analysis in select Automobile Companies" with 10 automakers from 2013 to 2017. The study measured Effective Margin (EM), Net Profit Margin (NPM), and AT and calculated Return on Equity (ROE) using the DuPont model. The findings indicate that all factors, with the exception of EM, are positively correlated, and that there is a statistically significant difference between the financial performance of a subset of automakers in terms of return on equity and return on assets.

Kim (2016) used the DuPont model based on the food distribution companies to study the "financial performance using DuPont analysis in the food distribution sector" from 2013 to 2015. Financial ratios and correlation were used in the study. According to the study's findings, ROE and ROI are the most complete indicators of a company's profitability. It takes into account both the possible operations and investment options as well as the finance and decisions involving leverage.

RESEARCH METHODOLOGY

The research methodology will outline the process of analysing the financial performance and financial position of Refex Industries Limited. The study aims to assess the financial standing of the company and identify the factors that affects its performance.

I. RESEARCH DESIGN

Descriptive design: This type of research design is used to describe the financial performance of a company. It involves summarizing and presenting the financial information in a meaningful way, such as through ratios and trends analysis.

II. METHODS OF DATA COLLECTION

The task of data collection begins after a research problem has been defined and research design plan chalked out. While deciding about the method of data collection to be used for the study, the researcher should keep in mind two types of data viz., primary data and secondary data.

III. SECONDARY DATA COLLECTION

Secondary data refers to the data that was collected by someone other than the user. Common sources of secondary data include census, information collected by government departments, organizational records and data that was originally collected for other research purposes. Secondary data analysis can save time that would otherwise be spent collecting data and particularly in the case of quantitative data, can provide larger and higher-quality database that would be unfeasible for any individual researcher to collect on their own. In addition, analysts of social and economic change consider secondary data essential since it is impossible to conduct a new survey that can adequately capture past change and/or developments.

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Secondary data were obtained from: -

- Balance Sheet
- Annual Report
- Company Website

IV. PERIOD OF STUDY

The study was done based on the financial data of Refex Industries Limited's 5 years Balance sheet and The Annual Reports of the company (2017-2022)

V. TOOLS FOR ANALYSIS

EQUITY VALUE

Equity value is the total value of a company's equity, which is the difference between its total assets and total liabilities. In other words, it is the amount of money that would be returned to shareholders if all of the assets of the company were liquidated and all of its debts were paid off. Equity value is also known as market capitalization, or simply "market cap."

LEVERAGE RATIO

The term 'leverage ratio' refers to a set of ratios that highlight a business's financial leverage in terms of its assets, liabilities, and equity. They show how much of an organization's capital comes from debt a solid indication of whether a business can make good on its financial obligations.

OPERATING LEVERAGE RATIO:

Operating leverage ratio measures the ratio of a business' contribution margin to its net operating income. It evaluates how much a business' income changes relative to changes in sales. It's calculated using the following formula:

$$\text{Operating Leverage Ratio} = \% \text{ change in EBIT (earnings before interest and taxes)} / \% \text{ change in sales}$$

FINANCIAL LEVERAGE RATIO

The financial leverage ratio is a measure of a company's total financial liabilities divided by its total assets. It is used to measure the extent to which a company is using debt to finance its operations. A higher financial leverage ratio indicates that a company is using more debt than equity to finance its operations and is thus taking on more risk.

$$\text{Financial leverage Ratio} = \text{Total Debt} / \text{Shareholder's Equity}$$

DEBT TO EQUITY RATIO

The relationship between borrowed funds and owner's capital is a popular measure of the long-term financial solvency of a firm. The relationship is shown by the debt-equity ratios. This ratio reflects the relative claims of creditors and shareholders against the assets of the firm. The relationship between outsiders' claims and owner's capital can be shown in different ways and, accordingly, there are many variants of the debt-equity ratio.

$$\text{DEBT TO EQUITY RATIO} = \text{TOTAL LIABILITIES} / \text{TOTAL SHAREHOLDERS EQUITY}$$

CAPITAL STRUCTURE

HISTORICAL INFORMATION OF DIVIDEND PAID AND MARKET PRICE OF THE SHARE

DIVIDEND

A dividend is a portion of a company's profits that is paid out to its shareholders as a return on their investment in the company. It is a distribution of earnings that is typically paid out in cash, but can also be paid in the form of stock or other property.

SHARE PRICE

Share price refers to the current market value or price of a single share of a company's stock. It represents the price at which the stock is currently being traded on a stock exchange, and is determined by the forces of supply and demand in the market.

HISTORICAL INFORMATION OF TURNOVER AND MARGINAL RETURN

TURNOVER

Turnover refers to the total value of goods or services that a company sells or provides during a specific period of time, typically a year. It is also known as revenue or sales and is calculated by multiplying the total quantity of goods or services sold by their respective prices.

MARGINAL RETURN

Marginal return, also known as marginal benefit, refers to the additional benefit or return that is gained from a small incremental change in an activity or investment. It is the change in total output or revenue that results from a one-unit increase in the production or investment level.

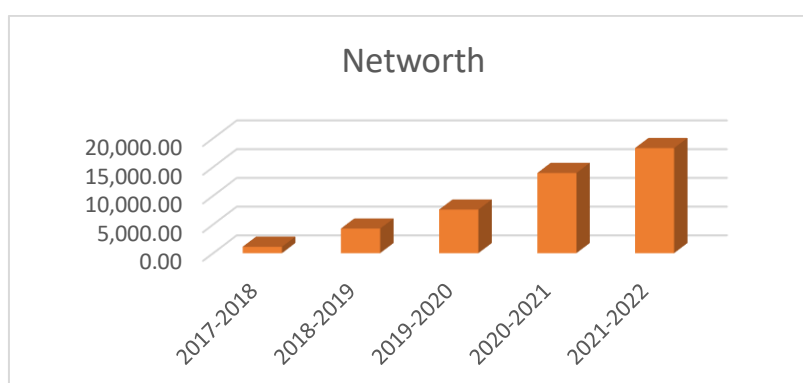
TREND ANALYSIS

Trend analysis is a financial analysis technique that involves examining a company's financial data over time to identify any patterns or trends that can provide insights into its financial performance. The analysis is done by comparing financial data for different periods, such as years, quarters, or months, and identifying any changes, growth, or declines in the data. Trend analysis is an important tool in financial statement analysis as it helps in identifying the direction and speed of change in a company's financial performance. It enables analysts to track the company's progress over time and to identify any areas of concern or opportunities for growth.

NETWORTH

TABLE: TABLE SHOWING NETWORTH

S.NO	Year	Net worth
1	2017-2018	1114.14
2	2018-2019	4277.48
3	2019-2020	7585.53
4	2020-2021	13957.01
5	2021-2022	18296.23

CHART: GRAPHICAL REPRESENTATION OF NETWORTH**Interpretation**

The net worth for the year 2017-2018 is Rs.1114.14, for the year 2018-2019 is Rs. 4277.48, for the year 2019-2020 is Rs. 7585.53, for the year 2020-2021 is Rs. 13957.01, for the year 2021-2022 is Rs. 18,296.23.

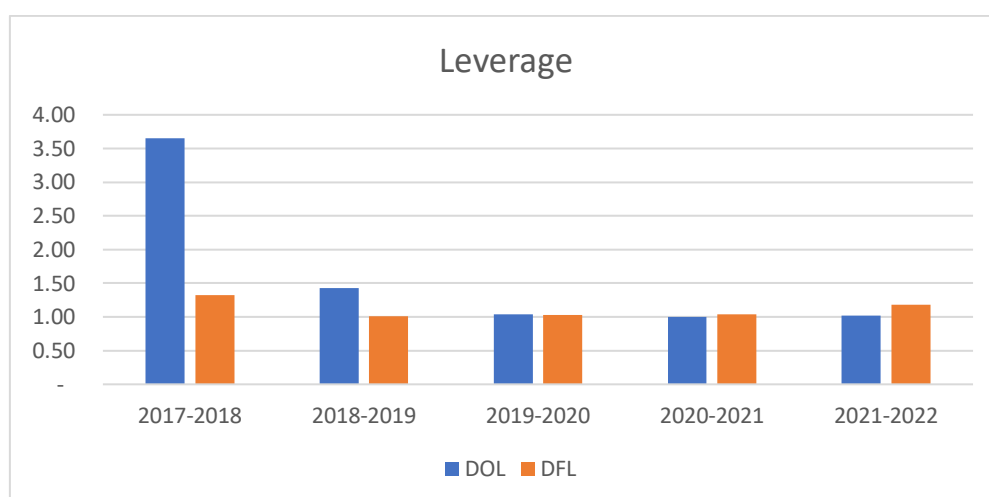
LEVERAGE**TABLE SHOWING THE DEGREE OF OPERATING LEVERAGE**

YEAR	TOTAL REVENUE	VARIABLE COST	CONSIDERATION	FIXED EXPENSES	EBIT	DOL
2017-2018	7,941.37	6,138.72	1,802.65	1,309.26	493.39	3.65
2018-2019	46,290.48	41,978.66	4,311.82	1,298.96	3,012.86	1.43
2019-2020	66,553.52	60,707.72	5,845.80	195.28	5,650.52	1.03
2020-2021	63,710.25	38,907.34	24,802.91	101.00	24,701.91	1.00
2021-2022	44,898.48	38,510.08	6,388.40	102.62	6,285.78	1.02

TABLE SHOWING THE DEGREE OF FINANCIAL LEVERAGE

YEAR	EBIT	INTEREST	EBT	DFL
2017-2018	493.39	120.86	372.53	1.32
2018-2019	3,012.86	29.67	2,983.19	1.01
2019-2020	5,650.52	139.32	5,511.20	1.03
2020-2021	24,701.91	897.03	23,804.88	1.04
2021-2022	6,285.78	960.71	5,325.07	1.18

CHART SHOWING DEGREE OF OPERATING AND FINANCIAL LEVERAGE



Interpretation: The degree of operating leverage for the year 2017 to 2018 is 3.65, for the year 2018 to 2019 is 1.43, for the year 2019 to 2020 is 1.03, for the year 2020 to 2021 is 1.00, for the year 2021 to 2022 is 1.02.

The Degree of financial leverage for the year 2017 to 2018 is 1.32, for the year 2018 to 2019 is 1.01, for the year 2019 to 2020 is 1.03, for the year 2020 to 2021 is 1.04, for the year 2021 to 2022 is 1.18.

CAPITAL STRUCTURE

TABLE: TABLE SHOWING CAPITAL STRUCTURE

YEAR	DEBT	EQUITY	TOTAL FUND	RATIO
2017-2018	32.71	1110.02	1142.73	2.9: 97.1
2018-2019	17.92	4277.48	4295.40	0.4: 99.6
2019-2020	-	7585.53	7585.53	0: 100
2020-2021	8.98	13956.83	13965.81	0.1: 99.9
2021-2022	102.60	18396.05	18498.65	0.6: 99.4

Interpretation: The debt-equity ratio for the year 2017 to 2018 is 2.9:97.1, for the year 2018 to 2019 is 0.4:99.6, for the year 2019 to 2020 is 0:100, for the year 2020 to 2021 is 0.1:99.9, for the year 2021 to 2022 is 0.6:99.4.

COST OF CAPITAL

TABLE: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2017-2018

YEAR	DESCRIPTION	VALUE	RATE	AMOUNT
2017-2018	EQUITY	1547.52	4.07%	62.93
	RESERVES	-437.50	4.07%	-17.79
	VEHICLE LOAN	32.71	10%	3.27
	TOTAL	1142.73	-	48.41
	COST OF CAPITAL	4.24%		

TABLE: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2018-2019

YEAR	DESCRIPTION	VALUE	RATE	AMOUNT
2018-2019	EQUITY	1547.52	55.24%	854.90
	RESERVES	2729.96	55.24%	1508.12
	VEHICLE LOAN	17.92	10%	1.79
	TOTAL	4295.40	-	2364.81
	COST OF CAPITAL	55.05%		

TABLE: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2019-2020

YEAR	DESCRIPTION	VALUE	RATE	AMOUNT
2019-2020	EQUITY	1547.52	64.79%	1002.61
	RESERVES	6038.01	64.79%	3911.90
	VEHICLE LOAN	-	0%	-
	TOTAL	7585.53	-	4914.50
	COST OF CAPITAL	64.79%		

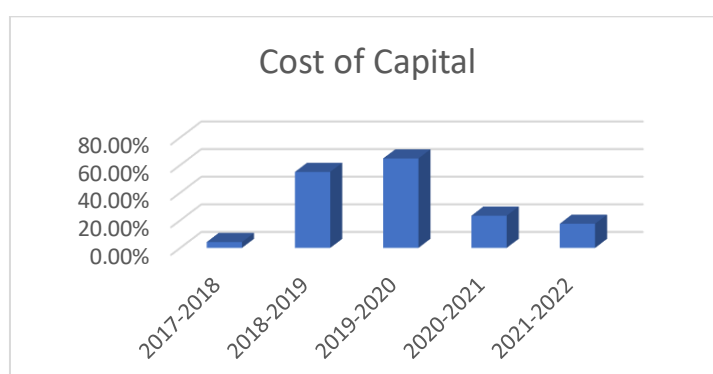
TABLE: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2020-2021

YEAR	DESCRIPTION	VALUE	RATE	AMOUNT
2020-2021	EQUITY	2100.02	23.38%	490.91
	RESERVES	11856.81	23.38%	2771.69
	VEHICLE LOAN	8.98	10%	0.90
	TOTAL	13965.81	-	3263.49
	COST OF CAPITAL	23.37%		

TABLE: TABLE SHOWING COST OF CAPITAL FOR THE YEAR 2021-2022

YEAR	DESCRIPTION	VALUE	RATE	AMOUNT
2021-2022	EQUITY	2100.02	17.57%	368.95
	RESERVES	16296.03	17.57%	2863.07
	VEHICLE LOAN	102.60	10%	10.26
	TOTAL	18498.65	-	3242.28
	COST OF CAPITAL	17.53%		

CHART: GRAPHICAL REPRESENTATION OF COST OF CAPITAL



Interpretation: The Cost of capital for the year 2017 to 2018 is 4.24%, for the year 2018 to 2019 is 55.05%, for the year 2019 to 2020 is 64.79%, for the year 2020 to 2021 is 23.37%, for the year 2021 to 2022 is 17.53%.

VOLATILITY OF SHARE PRICE BASED ON DIVIDEND PAYOUT

TABLE: TABLE SHOWING CHANGES IN DIVIDEND AND SHARE PRICE

Year	Dividend	Share Price	Changes in Dividend	Changes in Share Price
2017-2018	0.61	15	0%	0%
2018-2019	20.44	37	3251%	147%
2019-2020	21.38	33	5%	-11%
2020-2021	21.74	93	2%	182%
2021-2022	21.61	123	-1%	32%

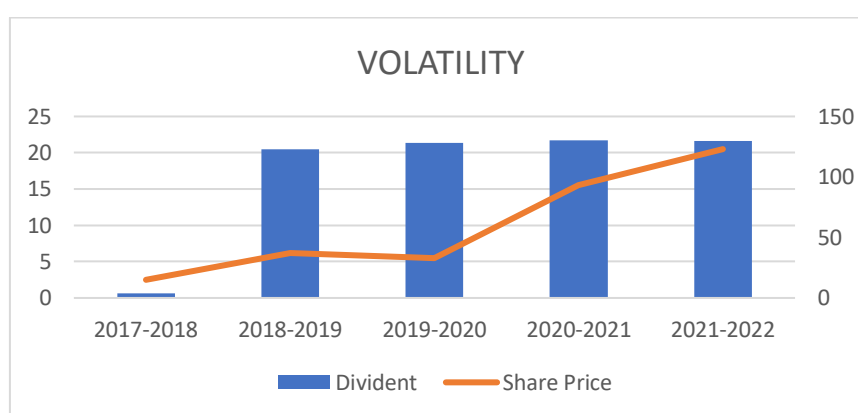


CHART: GRAPHICAL REPRESENTATION OF CHANGES IN DIVIDEND AND SHARE PRICE

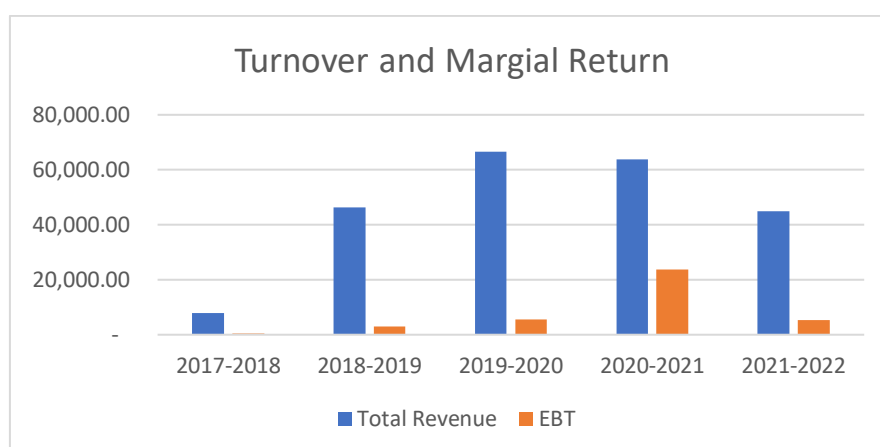
Interpretation: The Volatility in the dividend and share price for the years 2017 to 2018 is 0%, for the years 2018 to 2019 is 3251% and 147%, for the years 2019 to 2020 is 5% and -11%, for the year 2020 to 2021 is 2% and 182%, for the year 2021 to 2022 is -1% and 32%.

TREND OF TURNOVER AND MARGINAL RETURN

TABLE: TABLE SHOWING CHANGES IN TURNOVER AND MARGINAL RETURN

Year	Changes In Turnover	Changes in Marginal Return
2017-2018	0%	0%
2018-2019	483%	701%
2019-2020	44%	85%
2020-2021	-4%	332%
221-2022	-30%	-78%

CHART: GRAPHICAL REPRESENTATION OF CHANGES IN TURNOVER AND MARGINAL RETURN



Interpretation: The percentage of change in Turnover and Marginal Return for the year 2017 to 2018 is 0%, for the year 2018 to 2019 is 483% and 701%, for the year 2019 to 2020 is 44% and 85%, for the year 2020 to 2021 is -4% and 332%, for the year 2021 to 2022 is -30% and -78%.

SUMMARY OF FINDINGS

8. Net Worth: The company's net worth has steadily increased over the past five years, from Rs. 1114.14 in 2017-2018 to Rs. 18,296.23 in 2021-2022.
9. Degree of Operating Leverage: The degree of operating leverage has decreased significantly over the years, indicating that the company has become less sensitive to changes in sales volume.
10. Degree of Financial Leverage: The degree of financial leverage has fluctuated over the years, with the highest leverage being in 2021-2022, indicating that the company has taken on more debt to finance its operations.
11. Debt-Equity Ratio: The debt-equity ratio has decreased significantly over the years, indicating that the company has reduced its dependence on debt financing.
12. Cost of Capital: The cost of capital has fluctuated significantly over the years, with the highest cost being in 2019-2020. This indicates that the company has faced challenges in raising capital during this period.
13. Volatility in Dividend and Share Price: The volatility in dividend and share price has fluctuated over the years, with the highest volatility being in 2018-2019. This indicates that the company's performance has been highly unpredictable in the past.
14. Percentage of Change in Turnover and Marginal Return: The percentage of change in turnover and marginal return has fluctuated over the years, with the highest increase being in 2018-2019. This indicates that the company has experienced significant growth during this period, but has faced challenges in maintaining its profitability in the following years.

CONCLUSION

Based on the data provided above, it can be concluded that the company's net worth has steadily increased over the past five years, indicating that it has been successful in generating profits. However, the degree of operating leverage has decreased significantly over the years, suggesting that the company has become less sensitive to changes in sales volume. The degree of financial leverage has also fluctuated, with the highest leverage being in 2021-2022, indicating that the company has taken on more debt to finance its operations.

The debt-equity ratio has decreased significantly over the years, indicating that the company has reduced its dependence on debt financing. However, the cost of capital has fluctuated significantly, with the highest cost being in 2019-2020, indicating that the company has faced challenges in raising capital during this period.

The volatility in dividend and share price has also fluctuated over the years, with the highest volatility being in 2018-2019. This indicates that the company's performance has been highly unpredictable in the past. Finally, the percentage of change in turnover and marginal return has fluctuated over the years, with the highest increase being in 2018-2019. This indicates that the company has experienced significant growth during this period but has faced challenges in maintaining its profitability in the following years.

In conclusion, the company should focus on improving its operating efficiency to reduce costs and improve profitability, manage its debt levels carefully, and maintain stable dividends to attract investors and maintain their confidence. Additionally, it should focus on sustainable growth to ensure long-term success.

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