

AN STUDY OF FINANCIAL PERFORMANCE ANALYSIS OF FLEX LIMITED

Submitted in partial fulfillment of the requirements for the award
of Master of Business Administration

by

MANIGANDAN S

42410108



SCHOOL OF MANAGEMENT STUDIES SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

CATEGORY 1 - UNIVERSITY BY UGC

Accredited with Grade "A++" by NAAC | 12B Status by UGC | Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

APRIL - 2024



SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

CATEGORY-I UNIVERSITY BY UGC

Accredited "A++" Grade by NAAC | 12B Status by UGC | Approved by AICTE

www.sathyabama.ac.in

BONA FIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of Manigandan S (42410108) who carried out the project entitled A STUDY OF FINANCIAL PERFORMANCE ANALYSIS FLEX LIMITED under my supervision from 2nd january to 31st march 2024.

Dr. Thamilselvan R
Internal Guide

Dr. Palani A
HOD

Dr. Bhuvaneshwari G.
Dean

Submitted for Viva voce Examination held on _____

Internal Examiner

External Examiner

DECLARATION

I MANIGANDAN S (42410108) hereby declare that the Project Report entitled “A Study of Financial Performance analysis of Flex Ltd” done by me under the guidance of Dr. Thamilselvan R and Ms Revathi M at Flextronics Pvt Ltd ,Sri Permbudur is submitted in partial fulfillment of the requirements for the award of Master of Business Administration.

DATE:

PLACE:

SIGNATURE OF THE CANDIDATE

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to The Board of Management of Sathyabama Institute of Science and Technology for their encouragement in doing this project and for completing it successfully. I am grateful to them.

I convey my thanks to Dr. Bhuvaneswari G., Dean, School of Management Studies and Dr. Palani A., Head of the Department, for providing me necessary support during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide Dr. Thamilselvan R for his valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

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

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
	ABSTRACT	(i)
	LIST OF TABLES	(iii)
	LIST OF FIGURE	(iv)
	LIST OF ABBREVIATIONS	(v)
1	INTRODUCTION	
	1. Introduction	1
	2. Company Profile	2
	3. Objectives of the Study	3
	4. Scope & Significance of the study	4
2	REVIEW OF LITERATURE	
	2.1 Review of Literature	5 – 12
3	RESEARCH METHODOLOGY	13
	3.1 Methodology	
	3.2. Research Design	
	3.3. Sampling Technique	
	3.4. Sources of Data	
4	DATA ANALYSIS AND INTERPRETATION	
	4.1 Analysis of significant factors	14 – 37

5	FINDINGS, SUGGESTIONS AND CONCLUSION	
	5.1. Findings of the Study	38 – 39
	5.2. Suggestions& Recommendations	40
	5.3. Conclusion	41
	5.4. Limitations	42
	REFERENCES	43-45
	ANNEXURE – QUESTIONNAIRE	

LIST OF TABLES

TABLE NO.	PARTICULARS	PAGE NO.
4.1.1	Current Ratio	
4.1.2	Quick Ratio	
4.1.3	Cash Ratio	
4.1.4	Gross profit Ratio	
4.1.5	Inventory Turnover Ratio	
4.1.6	Cash Turnover Ratio	
4.1.7	Fixed Asset Turnover Ratio	
4.1.8	Working Capital Turnover Ratio	
4.1.9	Cash To Current Assets Ratio	
4.1.10	Return On Assets	
4.1.11	Return On Equity	
4.1.12	Return On Investment	
4.1.13	Net Profit After Tax	
4.1.14	Operating Profit Ratio	
4.1.15	Inventory Holding Period	
4.1.16	Earing Per Share	
4.1.17	Book Value Per Share	
4.1.18	Debt To Equity Ratio	
4.1.19	Debt To Asset Ratio	
4.1.20	Return On Equity Ratio	

ABSTRACT

Finance is regarded as the life blood of a business enterprise in the economy; finance is one of the basic foundations of all kinds of economic activities. Financial statements are prepared primarily for decision making. They play a dominant role in setting the framework and managerial conclusions can be drawn from these statements is of immense use in decision making through analysis and interpretation of financial statements. As said earlier decisions in finance of any business undertaking needs importance for its smooth working, it must raise funds from the cheapest and lesser risky sources to utilize in most effective manner. So every company will be interested in knowing its financial performance. The project entitled “**A study of Financial Performance Analysis of Flex Ltd**” throw light on overall financial performance of the company.

CHAPTER 1 – INTRODUCTION

1.1 INTRODUCTION

Financial performance means confirming the results of a firm's strategies and operations in economic terms. These results are replicated in the analysis of Ratios of firms such as Return on Investment, Return on Assets, Profitability, Liquidity, Turnover etc. A measure of how healthy a firm can use assets from its primary mode of business and generate revenues based on past performances. Ratio Analysis is also used as a Tool for the study of overall measure of a firm's general financial health over a given period and can be used to compare similar firms across the same industry or to compare industries or sectors in collection. Financial performance analysis is arranged mainly for decision-making tenacities. The information given in the financial statements is of enormous use in making decisions through analysis and explanation of financial statements. Financial Analysis is the process of identifying the financial strengths as well as weakness of an entity by properly creating an association between the items of the balance sheet and profit and loss account or income statement. Financial Statement Analysis suggests data to assess the path of change in the business. Financial statements forth past ten years are presented on a specific date for a certain period. The Balance Sheet specifies the financial position as at the end of an accounting period and the Income Statement displays the operating and non-operating results for a period. But financial heads and the top management of the organization are also concerned about knowing whether the business is in a satisfactory or in a disapproving direction. For this tenacity, the figures for the recent year must be compared with those of the previous financial years. In analyzing this way, comparative financial reports are prepared.

1.2 Company Profile

In 1969, Joe and Barbara-Ann McKenzie started a family business called Flextronics making circuit boards for the growing number of companies in Silicon Valley. By automating board construction, they could produce more reliable boards, faster and more cost effectively than their customers could on their own.

A decade later, the company became a contract manufacturer that customers relied upon for outsourcing not just their circuit boards, but for other components and assemblies for their products as well.

The proposition remained the same—volume production with consistent quality at lower costs than customers could achieve themselves.

The company expanded its services to include the purchase of materials and parts for manufacturing, as well as using computer-aided design to create and optimize the circuit board for each product.

By 1981, Flextronics became one of the first US service manufacturers to go offshore by setting up a manufacturing facility in Singapore. It brought with it a common set of employment standards, gaining recognition with employees drawn to the integrity of these practices.

The company realized extraordinary growth when it introduced vertical integration to optimize the supply chain, and aggressive global expansion by creating industrial parks where suppliers could re-locate to be close to where products were manufactured.

There was also a growing trend for manufacturers to acquire the manufacturing facilities of OEMs in the computer and telecoms sectors which led to further acquisitions. Corporate ownership shifted from public to private as markets went through the slumps of the late 80s and early 90s.

In 1994, Flextronics returned to the public markets when it was listed on the Nasdaq. By the end of the 90s, our 2.6 million square feet of manufacturing space in extended across 26 operations centers around the world. We had \$2.2 billion in revenue and a customer list that was a who's who' of the Information and Communications Technology industry.

We distinguished ourselves from competitors by the quality of our working environment and HR standards for employees, as well as our ability to get products to market quickly through its our multi-disciplinary new product introduction centers.

In 2007, Flextronics bought long-time competitor Solectron for \$3.6 billion. The bold move put us at the top of the US market and gave it us the scale to help our customers with any aspect of product development.

In 2015, we established Flex as our master brand and continued evolving our product lifecycle services and solutions to provide value for our customers.

In 2019, we celebrated five decades of manufacturing leaders;.The world has changed since our pioneering days of 1969, and so have we. We've earned the trust of customers as the manufacturing partner of choice through our expertise and partnership across the product lifecycle: from design and fulfillment to circularity. We remain committed to helping our diverse customer base design and build products that make the world a better place.

The Vision and Mission of the company are as follows:

VISION – Be the most trusted global technology, supply chain, and manufacturing solutions partner to improve the world.

MISSION – Our mission is to achieve our vision and fulfill our purpose. We do this for our global workforce by providing a safe environment with growth opportunities for our employees to prosper. We do it for our customers, using our manufacturing expertise to make products that contribute positively to the world. And we do it for the planet, by stewarding sustainable manufacturing and operations practices to minimize environmental impact.

1.3 OBJECTIVES OF STUDY

- To know the financial position of Flex Limited
- To bring out the results of financial strength and weakness of the entity through Ratio Analysis.

1.4 SCOPE OF THE STUDY

- The scope of the study is limited to collecting financial data published in the annual reports of the company every year.
- The ratio analysis is done to suggest possible solutions. The study is carried out for 5 years data from (2017-18 to 2022-2023)
- This study is confined to Flex Limited.

CHAPTER 2 – REVIEW OF LITERATURE

2.1. INTRODUCTION

Review of Literatures

- **Sharma Nishi (2011)** Studied the financial performance of passenger and commercial vehicle segment of the automobile industry in terms of four financial parameters namely liquidity, profitability, leverage, and managerial efficiency analysis for the period of decade from 2001-02 to 2010-11. The study concludes that profitability and managerial efficiency of Tata motors as well as Mahindra & Mahindra Ltd are satisfactory, but their liquidity position is not satisfactory. The liquidity position of commercial vehicles is much better than passenger vehicle segment. Singh Amarjit & Gupta Vinod (2012) explored an overview of automobile industry. Indian automobile industry itself as a manufacturing hub and many joint ventures have been setup in India with foreign collaboration. SWOT analysis done there are some challenges by the virtue of which automobile industry faces lot of problems and some innovative key features are keyless entry, electrically controlled mechanisms enhanced driving control, soft feel interiors and need to focus in future on like fuel efficiency, emission reduction safety and durability.
- **Kennedy and Muller (2012)**, has explained that “The analysis and interpretation of financial statements are an attempt to determine the significance and meaning of financial statements data so that the forecast may be made of the prospects for future earnings, ability to pay interest and debt matureness (both current and long term) and profitability and sound dividend policy.”

- **Peeler J. Patsula (2013)**, he defines that a sound business analysis tells others a lot about good sense and understanding of the difficulties that a company will face. We must make sure that people know exactly how we arrived at the final financial positions. We must show the calculation, but we must avoid anything that is too mathematical. A business performance analysis indicates further growth and the expansion. It gives a physiological advantage to the employees and a planning advantage.
- **Chidambaram Rameshkumar & Dr. N. Anbumani (2013)**, he argues that Ratio Analysis enables the business owner/manager to spot trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry.
- **Gary W. selnow (2003)** examined various approaches to promote retirement investment. His study found that automatic enrolment has a good chance of overcoming the natural impediments to wise decisions about retirement investments.
- **Douglas A. Hersahey and Hendrik p. Van Dalen (2006)** in the study explored the psychological mechanisms that underlie the retirement planning and saving tendencies of Dutch and American Workers the research suggests that policy analysts should consider both individual and cultural differences in the psychological predispositions of workers when considering Pension reforms that stress individual responsibility for planning and saving.
- **M. Kabir Hassan and Dr. Shari Lawrance (2007)** conducted a survey on "An Analysis of Financial preparation for Retirement '. In this study, the

researcher analyzes the financial preparation for retirement. Regarding retirement plan contributions, the findings indicate significant positive effects regarding income and womanhood. Education is significant and positive as a predictor for the decision to contribute to a pension plan for women in their thirtiesthus, supporting the hypothesis of a significant positive relationship between education and pension plan Contributions.

- **Takeh Ata & Navaprabha Jubiliy (2015)** Author has made conceptual model to outline the impact of capital structure on the financial performance i.e. capital structure is independent variable that value is measured by using four ratios namely, financial debt, total debt equity, total asset debt and interest coverage ratio whereas financial performance is dependent variable that value is measured by using four ratios as return on assets, return on equity , operating profit margin and return on capital employed. Researchers have selected 13 major steel industries and applied various statistical tools like standard deviation, correlation matrix, anova etc. are employed for testing hypothesis with help of SPSS22.
- **Khanifar, Jamshidi & Mohammadinejad (2012)** has discussed in his paper about factors affecting investor's decision by performing fundamental analysis. In this research paper finding the true situation he has covered economy, industry and then firm. The population included in the study was brokering firms at Tehram Stock exchange. His study showed that EPS, profit margin, P/E ratio, sales have highest importance in analysts' decision followed by economy related factor and industry related factor.

- **Selvarani (2013)** has discussed in the research article about “Financial Analysis on Sundaram Clayton Limited”. This paper main objective was to review the financial performance of Sundaram Clayton Limited which was a market leader in the field of air and assisted Brake actuation system for a wide range of commercial and earth moving vehicles in India. This study was based on secondary data collected from the annual reports of the company for the last 5 years 2006-2010 by tabulating, analyzing, and interpreting with the help of different financial ratios, Multivariate Discriminate Analysis (MDA as developed by Prof. Altman) and trend analysis. In this research paper, she has concluded that the company was performing well. Based on analysis, she has suggested the use of debt which is very low currently and concluded that the company must take steps to improve profitability.
- **Chauhan (2014)** discussed in his paper about A Study on Fundamental Analysis of Indian Automobile Industry using the period of 2009 to 2013 and selected companies like Tata Motors and Maruti Suzuki. Industry analysis was based on economic analysis (GDP) and industry analysis. They used SWOT 64 analysis to overcome the weakness and grab the opportunities available in automobile industries in consideration of strengths and threats. They concluded that Fundamental analysis is an important technique to find the value of stock as it considers all past information about country, industry, and company. This paper revealed that although the GDP of India is declining still the automobile sector is shining as there is continuous increase in the production of total no of vehicles in the industry. SWOT analysis presents that major strength of Indian automobile industry is large domestic market and availability of cheap labor and raising demand from rural areas of India is acting as the opportunity in expansion of the market.

- **Jhala (2007)** discussed in her Ph. D thesis about “An Analytical Study of Financial Performance of Refinery Industry of India” and for the purpose of analysis, seven units have taken for the period 1998-2003 for the analytical study of performance of the selected units. In this research, she has covered the financial aspects of these 7 units and has been analyzed by performance analysis. She had tried to get most significant and viscous finance related data of the selected units and Z-score, Anova test, various ratio analysis, correlation matrix trend analysis, as well as multivariable analysis method have been used to analyse the data of the units. She concluded from the liquidity test, it can be said that CPCL has average liquidity position, it has better liquidity position but however it was also below standard level. BPCL, IOC, MRP has very poor liquidity position and seeing to working level efficiency, KRL has very good inventory turnover performance, but it was poor in debtors’ turnover performance as well as BPCL was good to debtors’ turnover but not in inventory turnover efficiency.
- **Sharma (2011)** discussed about financial performance of Indian Automobile Industry by using data of seven automobile companies for the period 2001-02 to 2010-11. The financial performance of Mahindra & Mahindra Limited as well as Tata Motors seemed very satisfactory in terms of profitability as well as managerial efficiency to generate sales from the use of assets. But their liquidity positions did not seem sound. The liquidity position of commercial vehicle manufacture was better than passenger vehicle manufacturers. The trend of profitability of selected units, particularly that of passenger vehicle manufacturers showed a downward slope which was a consequent of rapid rise in the price of petrol as well as increment in the price of components used for production and growing incidence of interest rate.

- **Anand & Malhotra (2007)** have discussed in his study about Working Capital performance of corporate in India: by selecting the develop quantitative benchmarks at the firm and the industry level, so they were able to evaluate the working capital management performance of corporate India from time to time. They analyze that Corporate India has achieved a compound Annual growth Rate (CAGR) of 26.30% in net sales and 1.60 % in the three- year average cash operating margins during the period of study. They also observed that the length of the operating cycle and cash conversion cycle has reduced by 10. 2% and 12.7% respectively on compounded annual basis. They found in their paper very little evidence of the positive relationship between working capital management and firm profitability. They also concluded that the dynamics of risk-return trade off, which will help the performance evaluation of working capital management of corporate India.
- **Ghosh & Sinha (2007)** have discussed about Firm's capital structure Decision help an Investor (A Risk Averter or Risk Taker) A case study on Automobile Industry in India. In this research, the question of relevance of the capital structure in the context of Shareholder's value maximization remains unsolved yet. In this paper they analyzed, hypothesis was leveraging variable could explain firm's value maximization and the same have been tested in the context of the Automobile industries in India. The results revealed that shareholders' returns were very significant with significant variance in the firm's debt levels. Firm were more conventional in maintenance of long-term debt to equity ratio than that of total debt to equity ratio. Increase in debt levels did not always contain good news to the investors and risk takers act differently.

- **Singla (2013)** has discussed in his paper about comparison of financial performance between Steel Authority of India and TATA Steel Ltd for the period 2008 to 2012. To analyze the financial performance, he has included the analysis of working capital, analysis of fixed assets and analysis of profitability. He has concluded after comparative analysis of both the firms that performance of TATA STEEL LTD. was better than the SAIL because the Net profit of TATA STEEL LTD. was greater than the SAIL as well as the inventory management of the TATA STEEL LTD. was better than the SAIL.
- **Tariq Zafar & Khalid (2012)** have discussed about “A Comparative Evaluation of Financial Performance and Market Value of Maruti& Tata Company”. To analysis, they have been selected two most preferred companies like Maruti Suzuki Ltd. and Tata Motors Ltd., and for the using period of 2006-2010. They tried to analyze qualitative and quantitative performance of both companies and to investigate their risk and returns factors, their market position, their collective impact on profitability and to come up with the best and worst performing company by using modern performance evaluating techniques and later ranking them according to their achieved performance. They concluded from the ratio analysis there was a lack authenticity in data, in calculation which may manipulating presentation by the promoters. They have also found that different firms follow different accounting policies like depreciation allowance, valuation of inventory etc. and often management ignores these differences while making inter-firm comparisons. They revealed that the change in price levels due to inflation is also not properly considered by management.

- **Chakra barty (2008)** in his research tried to evaluate the relationship between working capital and profitability by 25 selecting companies in the Indian pharmaceutical industry for the period 1996-97 to 2007-08. To analysis, he has found out the important ratios related working capital and profitability, regression, coefficient variation, coefficient relation and multiple regressions also. Based on analysis, he has noticed that the inadequacy of working capital may lead to the firm insolvency, whereas excessive working capital implies an idle fund which earns no profits. Therefore, efficient management of working capital was an integral part of the overall corporate strategy to improve corporate profitability. The results also showed that the partial regression coefficients shown in the multiple regression equation of ROCE on CR, ITR and DTR fitted in this study revealed that the liquidity management, inventory management and credit management made positive contribution towards improvement of the corporate profitability.
- **Pandey & Singh (2008)** in their research, they have studied working capital management by analyzing current assets and current liabilities. 55 have concluded, by maintaining high inventory levels reduce the cost of possible interruption in the production process or of loss of business due to the scarcity of products, reduces supply costs and protects against price fluctuations. They mentioned in their study, granting trade credit favors the firm's sales in various ways and trade credit can act as an effective price cut and incentives to customers to acquire merchandise at times of low demands. Thus, they found that greater the investment in current assets, lower is the risk, and profitability obtained and equally trade credit was a Spontaneous source of financing that reduces that amount required to finance the sums tied up in the inventory and account receivables. They have concluded that profitability and liquidity comprise the salient and all too often conflicting goals of working capital management.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1. METHODOLOGY:

Research methodology is mainly needed for the purpose of framing the research process and the designs and tools that are to be used for the project purpose. This research follows the analytical research methodology which is based on quantitative data that is already collected by someone for different purposes. For an effective result from the research the study should be done with secondary sources of data. The main source for this secondary data is the annual reports of the company. The reference from the books like financial management, management accounting or any other standard textbooks can be used. Statistical and non-statistical tools can be used for the analyzation of data. Additionally, to achieve the efficiency of financial analysis conventional tools can also be used. This time research methodology is framed for the purpose of finding the level of **STUDY OF FINANCIAL PERFORMANCE ANALYSIS OF Flex Ltd**

3.2. RESEARCH DESIGN:

Descriptive Research Design

Descriptive research is a study designed to depict data information in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

3.3. SAMPLING TECHNIQUE:

Convenience sampling method

A convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

3.4. SOURCES OF DATA:

Data collection is the term used to describe the process of preparing and collecting data.

Primary Data – Nil

Secondary Data - Websites and online journals, Published reports & Review of literature from published article

CHAPTER 4

4.1. DATA REPRESENTATION AND INTERPRETATION

4.1.1: CURRENT RATIO

- The current ratio compares all company's current assets to its current liabilities.
- These are usually defined as assets that are cash or will be turned into cash in a year or less and liabilities that will be paid in a year or less.

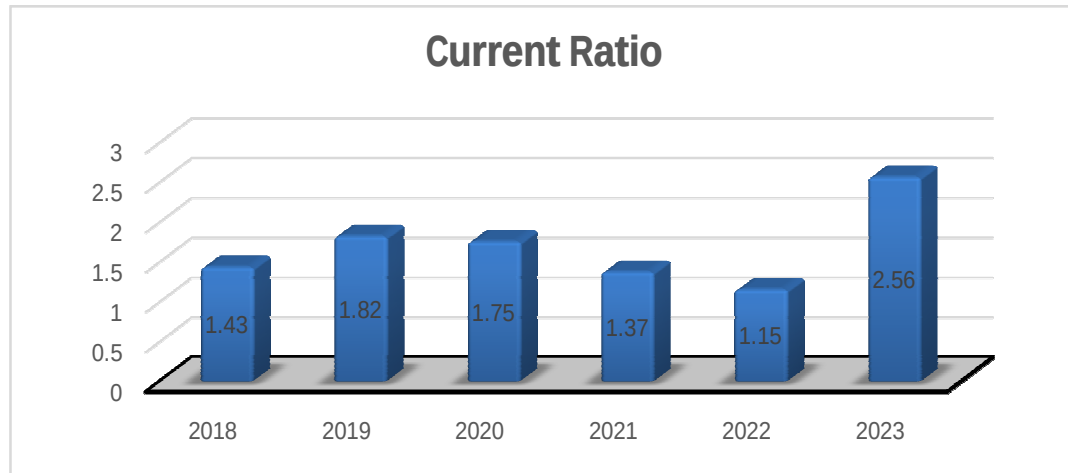
One weakness of the current ratio is its difficulty of comparing the measure across industry groups.

$$\text{CURRENT RATIO} = \text{CURRENT ASSETS} / \text{CURRENT LIABILITIES}$$

(Rs Crore)

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2017-18	137215.05	95473.90	1.43
2018-19	149592.56	82040.40	1.82
2019-20	148060.40	84224.73	1.75
2020-21	134630.25	97818.36	1.37
2021-22	123885.41	107385.14	1.15
2022-23	113268.85	44261.00	2.56

Graphical Presentation



Interpretation

The current ratio compares current assets with current liabilities and tells us whether the current assets are enough to settle current liabilities. It is inferred from the table that the higher current ratio of Shriram EPC is 2.56 in the year 2023 and the lowest was 1.15 in the year of 2022. Which is greater than the norms of 2:1.

However satisfactory depends on nature of the business and characteristics of current assets and liabilities

4.1.2: QUICK RATIO

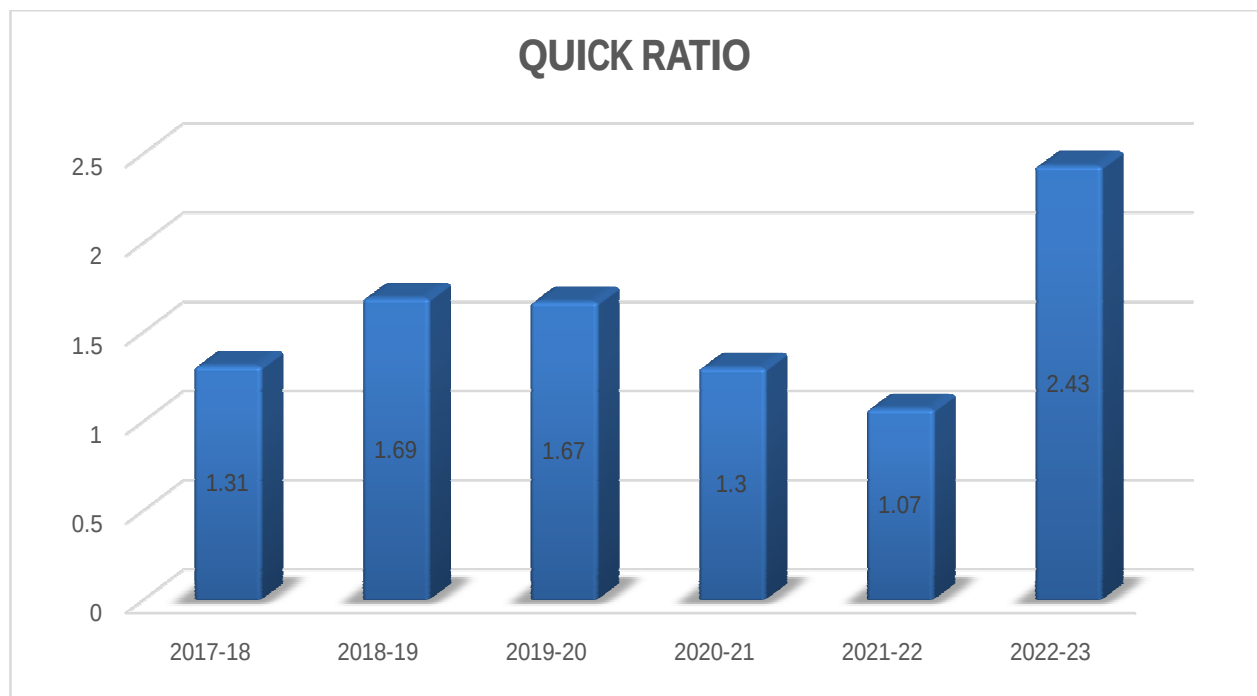
- The quick ratio measures a company's capacity to pay its current liabilities without needing to sell its inventory or obtain additional financing.
- The quick ratio is considered a more conservative measure than the current ratio, which includes all current assets excluding inventories as coverage for current liabilities.
- The quick ratio is calculated by dividing a company's most liquid assets like cash, cash equivalents, marketable securities, and accounts receivables by total current liabilities

$$\text{QUICK RATIO} = \frac{\text{QUICK ASSETS}}{\text{CURRENT LIABILITIES}}$$

(in crores)

YEAR	QUICK ASSETS	CURRENT LIABILITIES	QUICK RATIO
2017-18	125215.05	95473.90	1.31
2018-19	139318.76	82040.40	1.69
2019-20	141457.32	84224.73	1.67
2020-21	127578.14	97818.36	1.30
2021-22	115577.22	107385.14	1.07
2022-23	107687.17	44261.00	2.43

Graphical Representation



Interpretation

An acid-test of 1:1 is considered satisfactory unless the majority of "quick assets." are in accounts receivable, and the pattern of accounts receivable collection lags.

Quick ratio are continuous decrease from 2018-2022 with 1.69, 1.67, 1.30, 1.07 due to increase in current liabilities and decrease in current asset. It increases in 2023 with 2.43.

4.1.3: INVENTORY TURNOVER RATIO

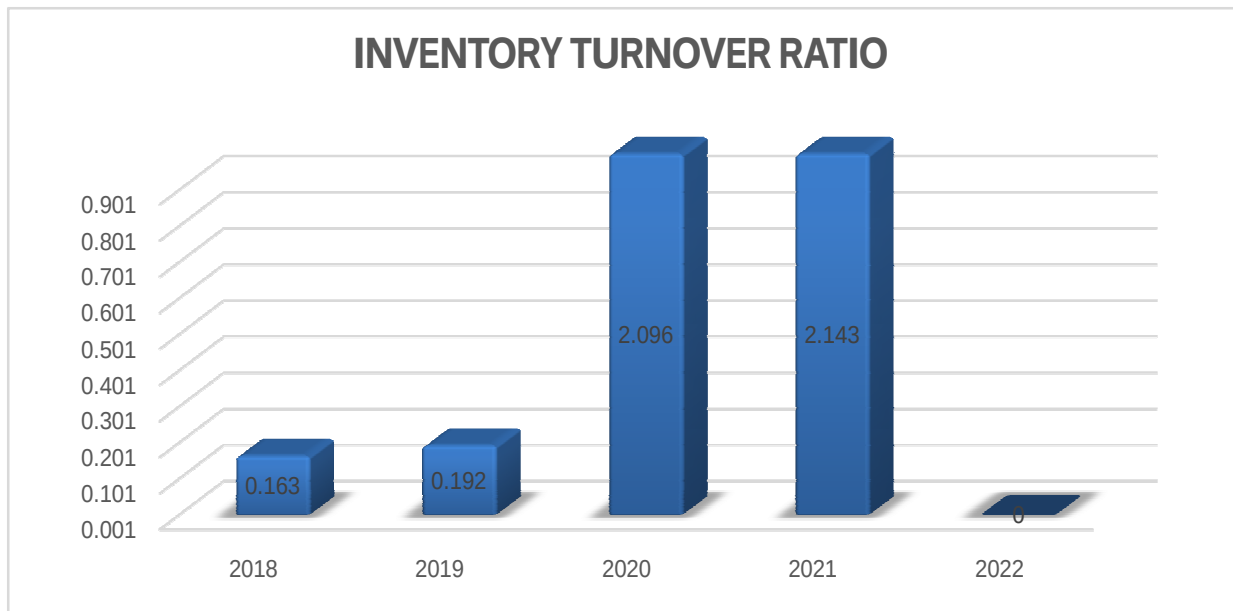
- Inventory turnover measures how efficiently a company uses its inventory by dividing the cost of goods sold by the average inventory value during the period.
- Inventory turnover ratios are only useful for comparing similar companies and are particularly important for retailers.
- A relatively low inventory turnover ratio may be a sign of weak sales or excess inventory, while a higher ratio signals strong sales but may also indicate inadequate inventory stocking.
- Accounting policies, rapid changes in costs, and seasonal factors may distort inventory turnover comparisons.

FORMULA

$$\text{INVENTORY TURNOVER RATIO} = \text{COST OF GOODS SOLD} / \text{AVERAGE INVENTORY}$$

YEAR	CO.OF. GOODS SOLD	AVERAGE INVENTORY	TOTAL RATIO
2017-2018	615.04	3765.57	0.163%
2018-2019	740.66	3849.24	0.192%
2019-2020	681.05	324.86	2.096%
2020-2021	531.93	248.20	2.143%
2021-2022	302.78	-	-

Graphical Representation



Interpretation

This ratio indicates how fast inventory is used or sold. A high ratio is good from the viewpoint of liquidity and vice versa. A low ratio would indicate that inventory is not used/ sold/ lost and stays on a shelf or in the warehouse for a long time. (2017-2018 to 2022-2023)

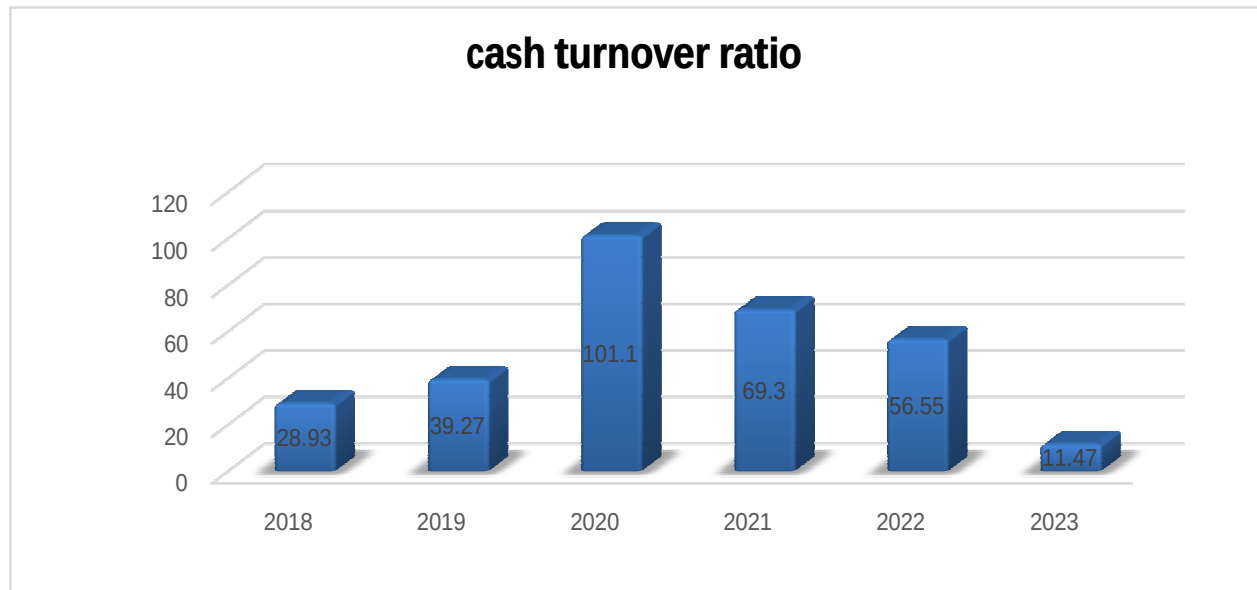
4.1.4 CASH TURNOVER RATIO

- The cash turnover ratio (CTR) is a profitability and efficiency ratio that measures how many times a company uses its cash to generate revenues. It measures the efficiency of a company to turn over its cash balance into sales revenue in an accounting period.
- A high cash turnover ratio means that the company is turning over its cash quickly, resulting in very efficient cash management. A low cash turnover ratio means that the company is not efficient, and it takes too long before it makes a complete cycle of cash flow in the economy.
- The cash turnover ratio is an efficiency ratio that reveals the number of times that cash is turned over in an accounting period

$$\text{Cash Turnover Ratio} = \text{SALES} / \text{cash and cash equivalents}$$

YEAR	Revenue	Cash and cash equivalent	TOTAL RATIO
2017-2018	82886.63	2373.38	28.93
2018-2019	120195.88	3060.04	39.27
2019-2020	120794.88	1205.55	101.10
2020-2021	58278.52	840.86	69.30
2021-2022	32945.65	582.67	56.55
2022-2023	37884.66	3304.59	11.47

Graphical Representation



Interpretation

- The cash turnover ratio indicates how many times a company went through its cash balance over an accounting period and the efficiency of a company's cash in the generation of revenue.
- Cash Turnover Ratio are increasing from 2018-2020 with 34.92, 39.27, 101.10 with effect of increase in total revenue and it start decreasing from 2021-2023 with 69.30, 56.55, 11.47.

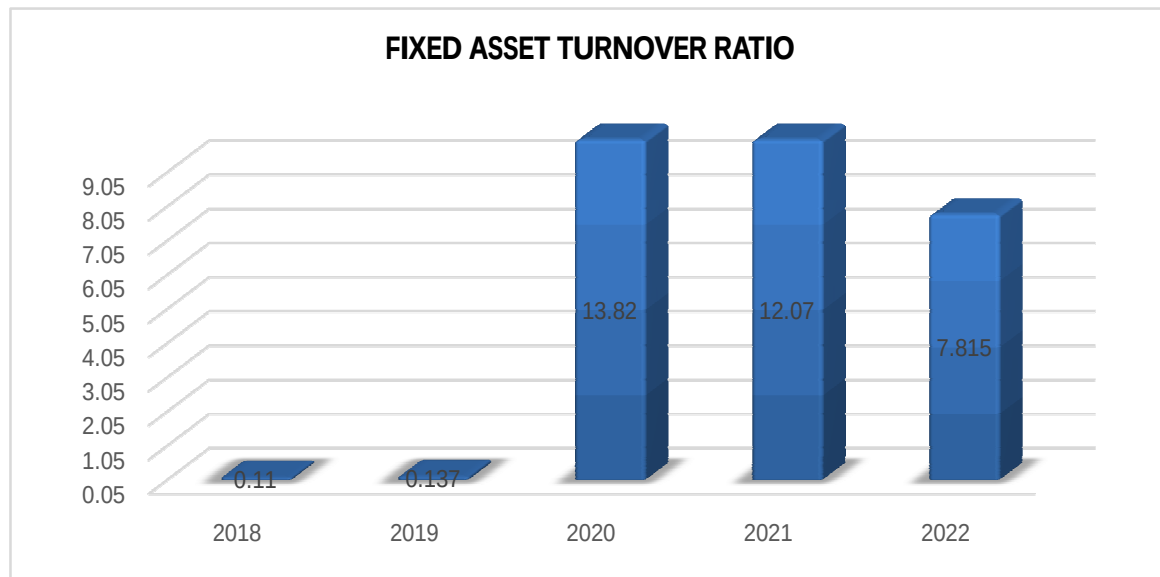
4.1.5 : FIXED ASSET TURNOVER RATIO

- The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets.
- The fixed asset turnover ratio is calculated by dividing net sales by the average balance in fixed assets.
- A higher ratio implies that management is using its fixed assets more effectively.
- A high FAT ratio does not tell anything about a company's ability to generate solid profits or cash flows.
- The fixed asset turnover is like other turnover ratios such as the assets turnover ratio, though the fixed asset turnover ratio uses a subset of assets to compare a company's activity against

FIXED ASSET TURNOVER RATIO=NET SALES/AVERAGE FIXED ASSETS

YEAR	NET SALES	AVG.FIXED ASSETS	TOTAL RATIO
2017-2018	615.04	5579.13	0.110%
2018-2019	740.66	5378.42	0.137%
2019-2020	681.05	4975.28	0.136%
2020-2021	531.93	4409.04	0.120%
2021-2022	302.78	4075.12	0.074%
2022-2023	785.43	3595.37	

Graphical Representation



Interpretation

A high fixed assets turnover ratio indicates efficient utilization of fixed assets in generating sales. A firm whose plant and machinery are old may show a higher fixed assets turnover ratio than the firm which has purchased them recently. The ratio value of (2017-2018 to 2022-23) **0.110, 0.137, 13.82, 12.07, 7.815**

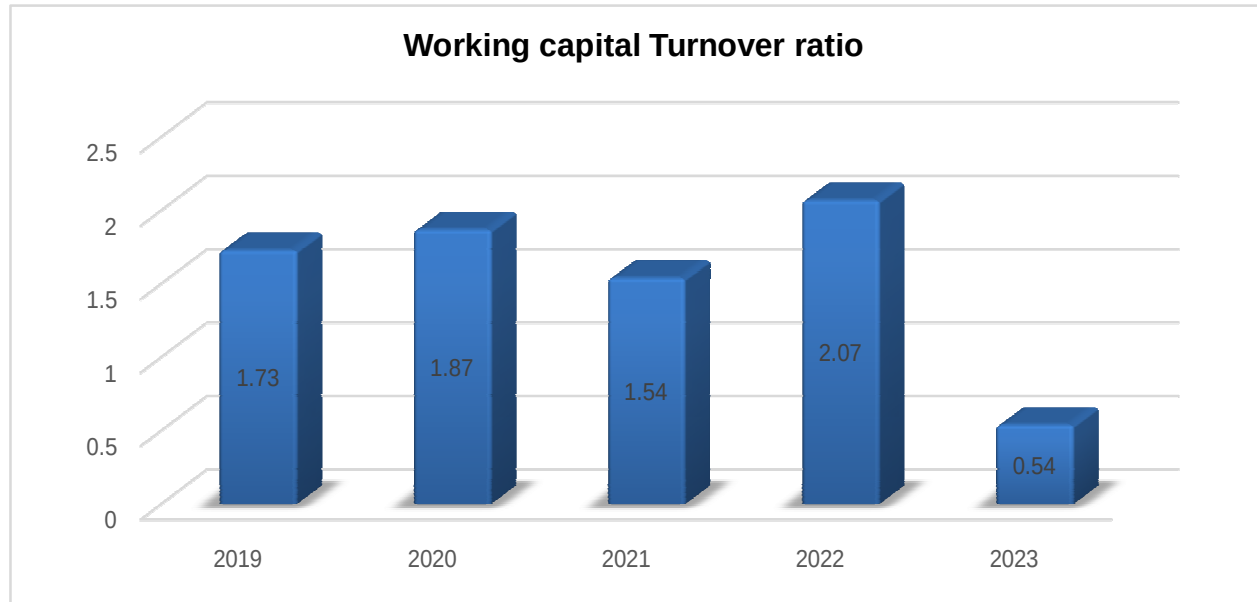
4.1.6: WORKING CAPITAL TURNOVER RATIO

- Working capital turnover measures how effective a business is at generating sales for every dollar of working capital use.
- A higher working capital turnover ratio is better and indicates that a company can generate a larger number of sales.
- However, if working capital turnover rises too high, it could suggest that a company needs to raise additional capital to support future growth.

Working capital Turnover ratio = Net Sales / Working Capital

YEAR	NET SALES	WORKING CAPITAL	TOTAL RATIO
2017-2018	82886.63	6723.66	12.32
2018-2019	120195.86	69503.16	1.73
2019-2020	120794.88	64541.23	1.87
2020-2021	58278.52	37774.7	1.54
2021-2022	32945.65	15856.61	2.07
2022-2023	37884.66	69426.19	0.54

Graphical Representation



Interpretation

- The higher the ratio, the more efficient is the utilization of working capital in generating sales.
- Working capital turnover ratio are fluctuating from 2019-2023 with 1.73, 1.87, 1.54, 2.07, 0.54 due to fluctuation in current asset and current liabilities.

4.1.7: CASH TO CURRENT ASSET RATIO

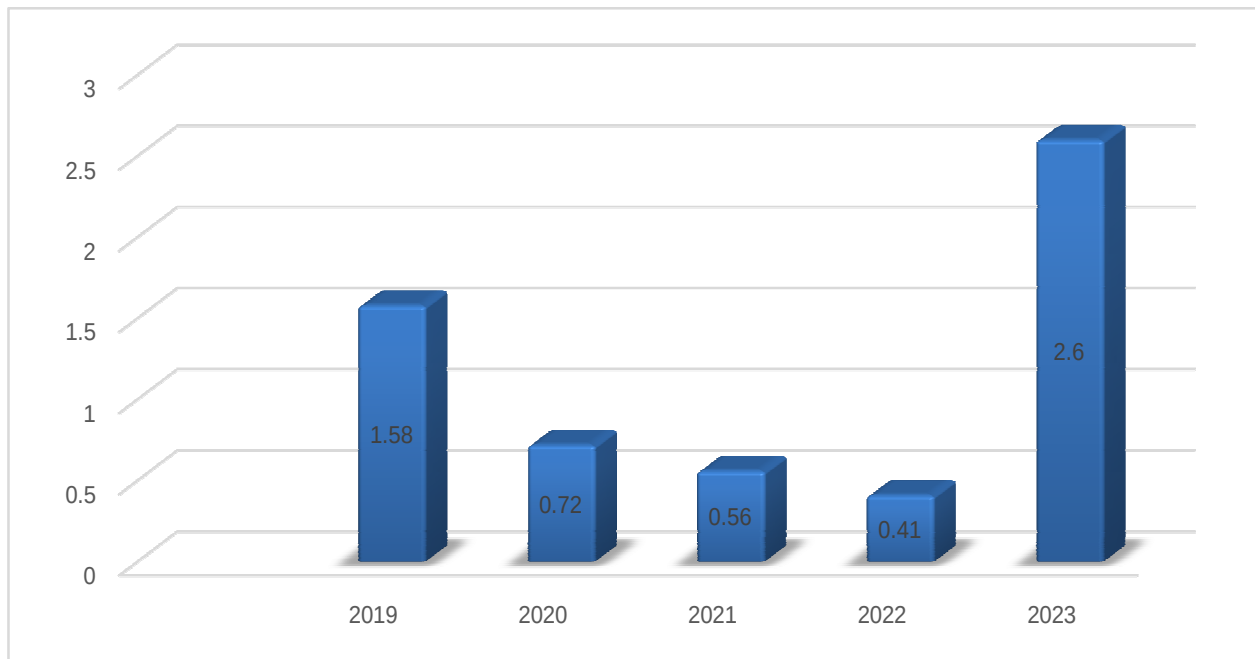
- Cash to current assets is a liquidity ratio that measures how much of the current assets in a company are made up of cash and cash equivalents.
- The current assets of a company refer to any asset that can quickly be sold or consumed in less than twelve months. Companies depend on such assets to pay for their day-to-day operations, such as employees' salaries and other short-term liabilities.

Current assets include cash and cash equivalents, short-term investments such as marketable securities, accounts receivable, inventories, and prepaid expenses. Cash and cash equivalents and marketable securities form the most liquid current assets and can generally be referred to as "cash". When we compare cash to the total current assets of a company, we get cash to current asset ratio

$$\text{CASH TO CURRENT ASSET RATIO} = \text{CASH} / \text{CURRENT ASSET}$$

YEAR	CASH	CURRENT ASSET	TOTAL RATIO (%)
2018-2019	3060.04	192897.27	1.58
2019-2020	1205.55	166855.59	0.72
2020-2021	840.86	149015.09	0.56
2021-2022	582.67	141456.81	0.41
2022-2023	3304.59	127348.38	2.60

Graphical Representation



Interpretation

- A cash to current assets ratio indicates efficient utilization of fixed assets in generating sales. Cash To Current Asset Ratio are in contraction from 2018-2022 with 1.58, 0.72, 0.56, 0.41 due to recession in cash and rise in 2023 with 2.60 with effect of increases in cash and cash equivalents

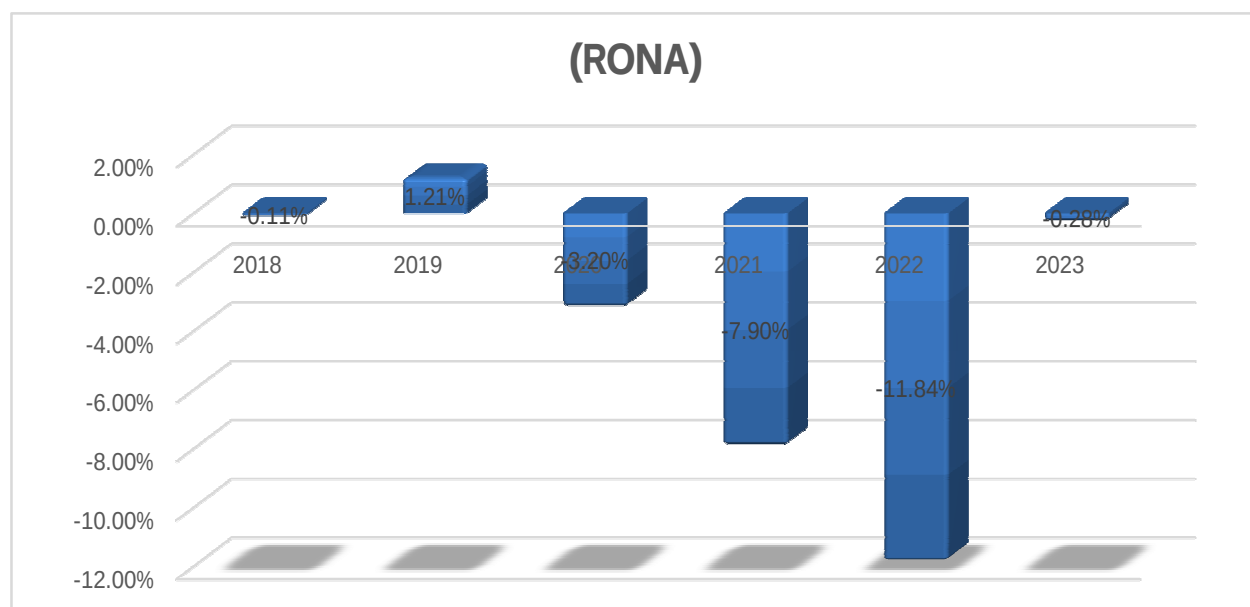
4.1.8: RETURN ON ASSETS

- Return on net assets (RONA) compares a firm's net profits to its net assets to show how well it utilizes those assets to generate earnings.
- A high RONA ratio indicates that management is maximizing the use of the company's assets.
- Net income and fixed assets can be adjusted for unusual or non-recurring items to gain a normalized ratio result.

RETURN ON ASSETS (RONA) =NET PROFIT AFTER TAX /TOTAL ASSETS*100

YEAR	NPAT	TOTAL ASSET	TOTAL RATIO (%)
2017-2018	(153.16)	315104.47	-0.04
2018-2019	3072.52	253734.29	1.21
2019-2020	(7711.92)	241358.38	-3.20
2020-2021	(17927.70)	227147.27	-7.90
2021-2022	(26315.75)	222322.01	-11.84
2022-2023	(558.55)	200182.36	-0.28

Graphical Representation



Interpretation

The above table and diagram show the relationship between net profit and total assets in percentage. As total assets were only increasing in 2018-2019 and other years are decreasing the value of other years are (2018-2019 to 2021-2023).

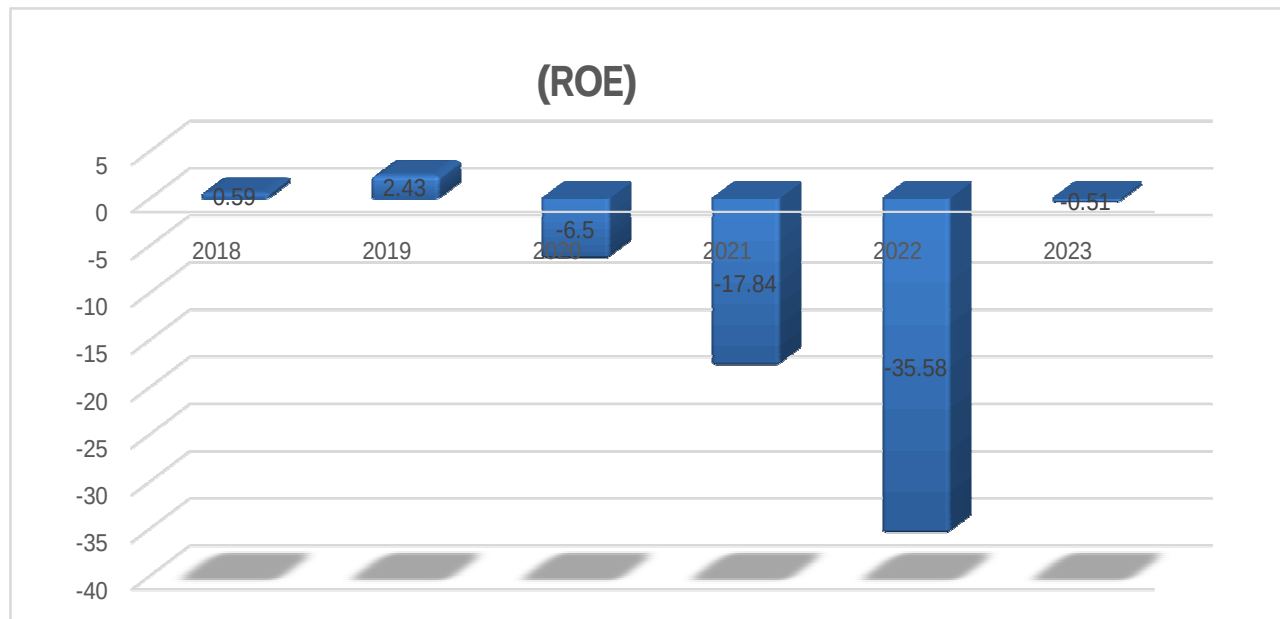
4.1.9: RETURN ON EQUITY

- Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity.
- ROE is a gauge of a corporation's profitability and how efficiently it generates those profits.
- The higher the ROE, the better a company is at converting its equity financing into profits.
- To calculate ROE, divide net income by the value of shareholders' equity.
- ROEs will vary based on the industry or sector in which the company operates.

$$\text{RETURN ON EQUITY} = \text{NET INCOME} / \text{TOTAL EQUITY} * 100$$

YEAR	NET INCOME	TOTAL EQUITY	TOTAL RATIO(%)
2017-2018	(153.16)	122965.01	-0.12
2018-2019	3072.52	126047.08	2.43
2019-2020	(7711.92)	118537.30	-6.50
2020-2021	(17927.70)	100510.81	-17.84
2021-2022	(26315.75)	73946.62	-35.58
2022-2023	(558.55)	108809.16	-0.51

Graphical Representation



Interpretation

- Companies that boast a high return on equity with little or no debt can grow without large capital expenditures, allowing the owners of the business to withdraw cash and reinvest it elsewhere.
- Return on equity ratio in contraction from 2019-2022 with 2.43, -6.50, -17.84, -35.58 and rise in 2023 with -0.51 due to decrease in loss and increase in total equity.

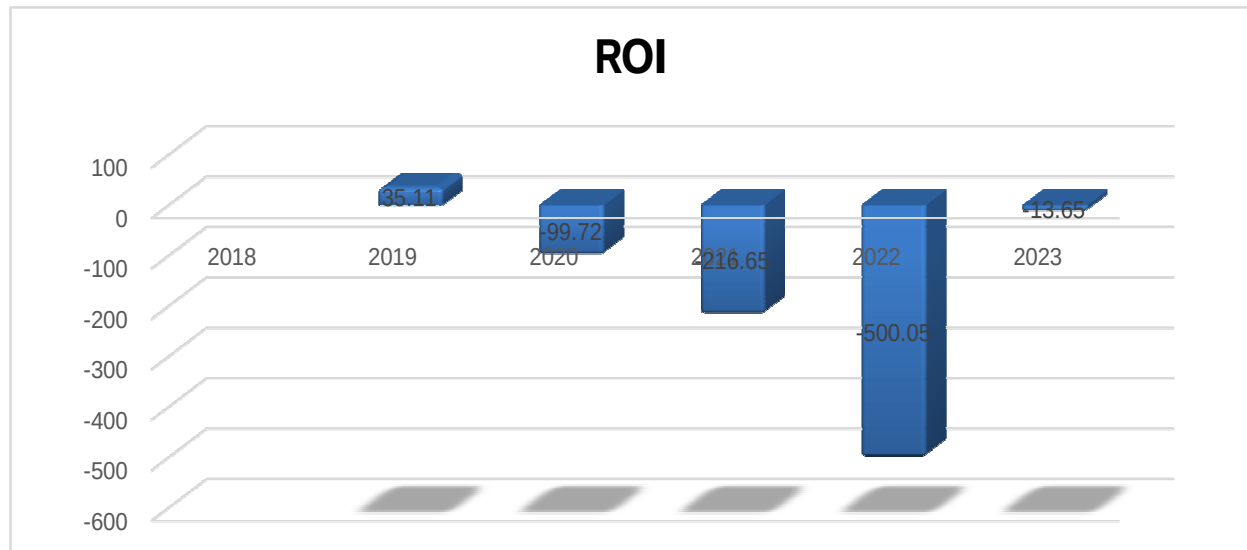
4.1.10: RETURN ON INVESTMENT

- Return on investment (ROI) is an approximate measure of an investment's profitability.
- ROI is calculated by subtracting the initial cost of the investment from its final value, then dividing this new number by the cost of the investment, and finally, multiplying it by 100.
- ROI has a wide range of uses. It can be used to measure the profitability of stock shares, to decide whether to purchase a business, or to evaluate the success of a real estate transaction.
- One disadvantage of ROI is that it doesn't account for how long an investment is held.

$$\text{ROI} = \text{NPAT} / \text{INVESTMENTS}$$

YEAR	NPAT	Cap. Employed	TOTAL RATIO
2018-2019	3072.52	87.5	35.11
2019-2020	(7711.92)	77.33	-99.72
2020-2021	(17297.70)	79.84	-216.65
2021-2022	(26,315.75)	52.72	-500.05
2022-2023	(558.55)	40.93	-13.65

Graphical Representation



Interpretation

- From the above table it is inferred that return-on-investment ratio. It measures the overall return of the business on investment/equity funds/capital employed/assets.
- ROI are in contraction from 2019-2022 with -0.99, -216.65, -0.500.05, due to recession in Net Profit and capital employed and reduction in contraction with - 13.65.

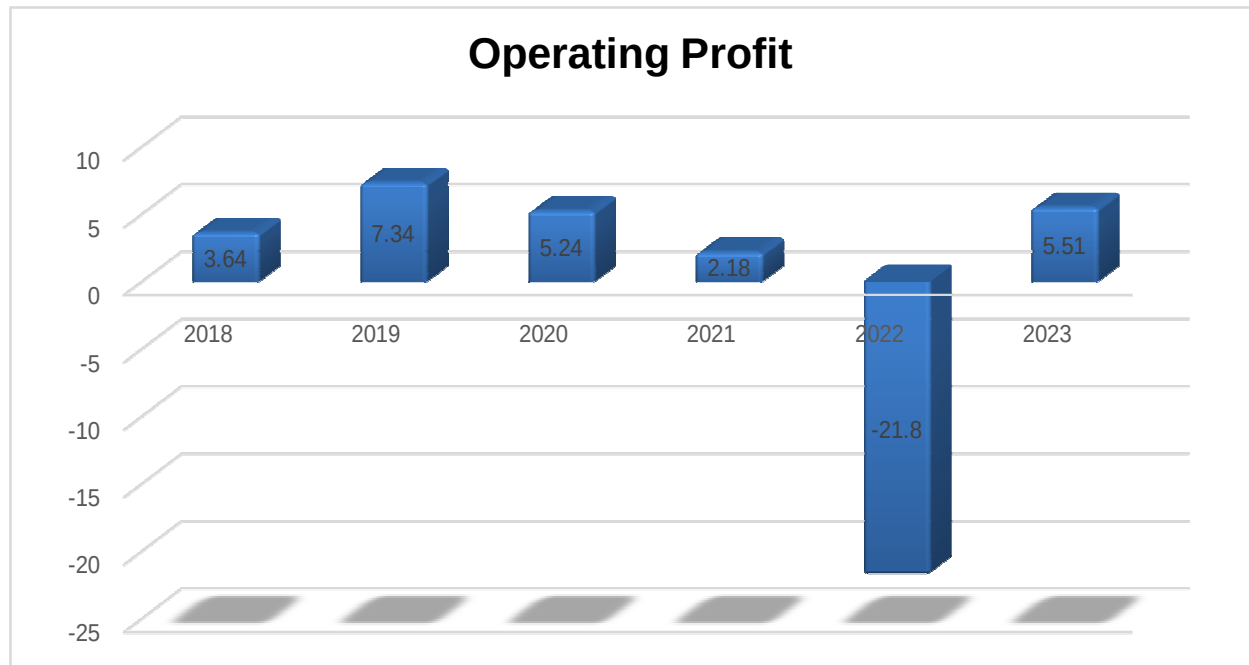
4.1.11: Operating profit ratio

- Operating Profit Ratio is referred to as the ratio that is used to define a relationship between the operating profit and the net sales.
- Operating profit is also known as Earnings before interest and taxes (EBIT) and net sales can also be defined as the revenue that is earned from the operations.
- Operating profit ratio is one type of profitability ratio and is therefore expressed in the form of a percentage.
- Net sales consist of cash and credit sales. Therefore, the operating profit ratio helps in comparing the operating profit earned by a business in relation to the revenue that will be generated by the business.

$$\text{Operating profit ratio} = \text{op. profit} / \text{net sale} * 100$$

YEAR	Operating profit	Net. Sales	TOTAL RATIO
2017-2018	2243.46	61504.33	3.65
2018-2019	5439.1	120195.86	4.53
2019-2020	3570.12	120794.88	2.95
2020-2021	1164.37	58278.52	2.00
2021-2022	(7199.39)	32945.65	(21.8)
2022-2023	2088.01	37884.66	5.51

Graphical Representatiion



Interpresentation

- Operating profit ratio are decreasing from 2018-2022 with 4.53, 2.95, 2.00,(21.9), 5.51 due to decrease in operating profit. It start increasing in 2023 with 5.51 after recovering from loss.

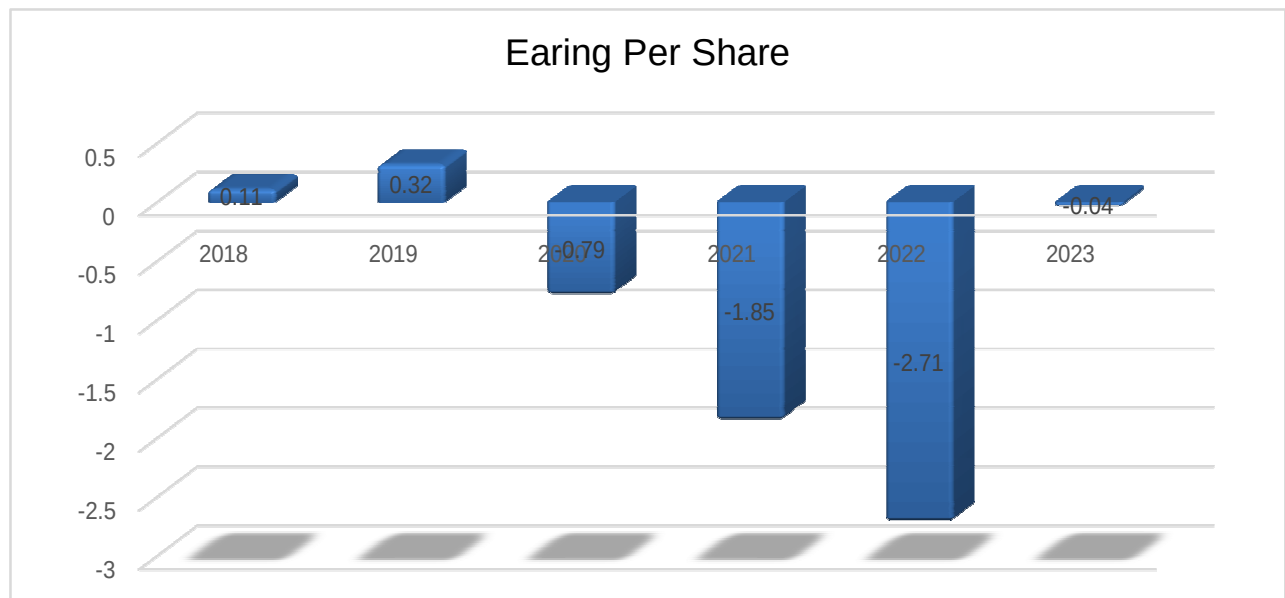
4.1.12: Earning Per Share

- Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding.
- EPS indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value.
- A higher EPS indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price.
- EPS can be arrived at in several forms, such as excluding extraordinary items or discontinued operations, or on a diluted basis.
- Like other financial metrics, earnings per share is most valuable when compared against competitor metrics, companies of the same industry, or across a period.

$$\text{EPS} = \text{NET PROFIT} / \text{NUMBER OF EQUITY SHARES}$$

YEAR	NET PROFIT	NUMBER OF EQUITY SHARES	TOTAL RATIO
2017-2018	2568.83	9514.19	0.27
2018-2019	3058.57	9558.03	0.32
2019-2020	(7711.92)	9761.92	(0.79)
2020-2021	(17927.72)	9690.65	(1.85)
2021-2022	(26315.75)	9710.60	(2.71)
2022-2023	(558.55)	13963.75	(0.04)

Graphical Representation



Interpretation

EPS is continuous contraction from 2018-2022 with 0.32, (0.79), (1.85), (2.71) due to recession in Earnings available to SH's. and there is decrease the contraction from 2023 with (0.04).

5.1 FINDINGS OF THE STUDY

- The current ratio compares current assets with current liabilities and tells us whether the current assets are enough to settle current liabilities. It is inferred from the table that the higher current ratio of Flex Ltd is 2.56 in the year 2023 and the lowest was 1.15 in the year of 2022. Which is greater than the norms of 2:1.
- However satisfactory depends on nature of the business and characteristics of current assets and liabilities
- Quick ratio are continuous decrease from 2018-2022 with 1.69, 1.67, 1.30, 1.07 due to increase in current liabilities and decrease in current asset. It increases in 2023 with 2.43, which indicates that lower liquidity of the entity.
- Cash ratio compares cash and current liabilities which indicates that negative relationship between them, however cash balance increases in last year.
- Cash Turnover Ratio are increasing from 2018-2020 with 34.92, 39.27, 101.10 with effect of increase in total revenue and it start decreasing from 2021-2023 with 69.30, 56.55, 11.47. which indicates that increase in revenue in last year as compared to previous year.
- Working capital turnover ratio are fluctuating from 2019-2023 with 1.73, 1.87, 1.54, 2.07, 0.54 due to fluctuation in current asset and current liabilities, which indicates increase in working capital whereas revenue decreases.

- A cash to current assets turnover ratio indicates efficient utilization of fixed assets in generating sales. Cash To Current Asset Ratio are in contraction from 2018-2022 with 1.58, 0.72, 0.56, 0.41 due to recession in cash and rise in 2023 with 2.60 with effect of increases in cash and cash equivalents
- The above table and diagram show the relationship between net profit and total assets in percentage. As total assets were only increasing in 2018-2019 and other years are decreasing the value of other years are (2018-2019 to 2021-2023)
- Return on equity ratio in contraction from 2019-2022 with 2.43, -6.50, -17.84, -35.58 and rise in 2023 with -0.51 due to decrease in loss and increase in total equity, which indicate that entity is profitable in last year.
- ROI are in contraction from 2019-2022 with -0.99, -216.65, -0.500.05, due to recession in Net Profit and capital employed and reduction in contraction with -13.65 with decreases in net loss in previous year.
- Operating profit ratio are decreasing from 2018-2022 with 4.53, 2.95, 2.00, (21.9), 5.51 due to decrease in operating profit. It start increasing in 2023 with 5.51 after recovering from loss.
- EPS is continuous contraction from 2018-2022 with 0.32, (0.79), (1.85), (2,71) due to recession in Earnings available to SH's. and there is decrease the contraction in earning available to SH's from 2023 with (0.04).

5.2 SUGGESTIONS

All of above analysis, we can see that there is company is performing well in previous year 2022-23 as compared to previous years in terms of revenues, net profit, working capital, capital employed.

Now the significant mission of the company to retain its position. To achieve such objective company should undertake various methods and procedures such as –

Long term effect – Flex Ltd should invest on higher return investment than shareholders expectation to increase market share in the long term. Companies with high market share often receive better prices from suppliers, as their larger order volumes increase their buying power. Increased market share and greater production go hand-in-hand, with the latter providing a company with the opportunity to decrease the cost to produce an individual unit due to economies of scale. Build brand awareness, Innovation, Increased customer base, Lowering prices, Acquire competitors, Engaging with customers, Focusing on customer needs, Identify your target segments.

Optimum capital structure – The **Optimal Capital Structure** is the state at which a company's cost of capital (WACC) is minimized, which maximizes the firm value. If a company's cost of capital (WACC) has fallen to its minimum value, then the valuation of the firm is maximized. Therefore, the stock price of the underlying company will also be trading at its maximum value. Companies that use more debt than equity to finance their assets and fund operating activities have a high leverage ratio and an aggressive capital structure. A company that pays for assets with more equity than debt has a low leverage ratio and a conservative capital structure.

5.3 Conclusion

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

This study also assist other stakeholders of such company to asses the financial performance of Flex Ltd. It provides brief knowledge and experience that how to analyze the financial performance of the firm. It assist company to identify strength, weakness of it and identify threat and opportunities in external environment.

From the above study of Financial Performance Analysis of Flex Ltd through analysis of Ratio Analysis which significant factors such as Earning Per Share, Capital Structure, Dividend Decisions, Flex Ltd should increase its earnings or should invest on higher return investment than shareholders expectation to increase market share in the long term and attain optimum capital structure

5.4 LIMITATIONS

■ **Personal judgement** – The financial statements are based on personal judgments. The value of assets and liabilities depends on the accounting standard used by the person or group of persons preparing them. The depreciation methods, amortization of assets, etc., are prone to the personal judgment of the person using those assets.

■ In case of **Earning Per Share** –

When looking at EPS to make an investment or trading decision, be aware of some possible drawbacks. For instance, a company can game its EPS by buying back stock, reducing the number of shares outstanding, and inflating the EPS number given the same level of earnings.

Changes to accounting policy for reporting earnings can also change EPS. EPS also does not take into account the price of the share, so it has little to say about whether a company's stock is over or undervalued.

■ **Financial reports depend on historical costs**- All the transactions are recorded at historical costs; The value of the assets purchased by the company and the liabilities it owes change with time and depend on market factors; The financial statements do not provide the current value of such assets and liabilities. Thus, if any items are available in the financial statements based on historical costs and the company has not revalued them, the statements can be misleading.

■ **Effect of Inflation** – Related to the above mentioned disadvantage of financial statements, inflation has an immense impact on the cost and value of assets. However, with a dependence on historical costs, most fixed assets are not re-evaluated as per current market conditions. Commonly, that leads to transactional estimations that are inordinately lower when compared to current standards. This issue is mostly related to long-term assets.

References

- ▼ Mahdi Salehi, Mahmoud LariDashtBayaz, SohilaKhorashadizadeh (2018), —Corporate social responsibility and future financial performance: Evidence from Tehran Stock Exchangell, EuroMed Journal of Business, Vol 13, Issue 3, pp. 351-371
- ▼ Maj Syed Mohd Mustafa, Dr. MohdTaqi (2017), —A Study on the Financial Performance Evaluation of Punjab National Bank , International Journal of Business and Management Invention, Vol 6, Issue 1, PP—05-15.
- ▼Maria J. Martinez-Romero, Ruben Martinez-Alonso, M. Pilar Casado-Belmonte (2020), —The influence of socio-emotional wealth on firm financial performance: evidence from small and medium privately held familybusinesses ,International Journal of Entrepreneurship and Small Business, Vol40, Issue 1, (pp. 7-146)
- ▼ Nripendra Kumar, Kunal K. Ganguly (2020), —Non-financial e-procurement performance measures: Their interdependence and impact on production cost , International Journal of Productivity and Performance Management, Vol 70, Issue 1, pp. 41-64
- ▼ Ousama,A.A. Helmi Hammami, Mustafa Abdulkarim (2019), —The association between intellectual capital and financial performance in the Islamic banking industry: An analysis of the GCC banks , International Journal of Islamic and Middle Eastern Finance and Management, Vol 13, Issue 1, pp. 75-93
- ▼ OdysseasPavlatos, Xara Kostakis (2018), —The impact of top management team characteristics and historical financial performance on strategic management accounting , Journal of Accounting and Organizational Change, Vol 14, Issue 4, pp. 455-472
- ▼ Olaf weber (2017), —Corporate sustainability and financial performance of the Chinese banks , Sustainability Accounting, Management and Policy Journal, Vol 8, Issue 3, pp. 358-385

- Olubimbola Oladimeji, Omotayo Olugbenga Aina (2018), —Financial performance of locally owned construction firms in southwestern Nigeria , *Journal of Financial Management of Property and Construction*, Vol 23, Issue 1, pp. 112-128
- Simone Fanelli, Chiara Carolina Donelli, Antonello Zangrandi, Isabella Mozzoni (2019), —Balancing artistic and financial performance: is collaborative governance the answer? , *International Journal of Public Sector Management*, Vol 33, Issue 1, pp. 78-93
- Stephen KorutaroNkundabanyanga, BrendahAkankunda, Irene Nalukenge, Immaculate Tusiime (2017), —The impact of financial management practices and competitive advantage on the loan performance of MFIs , *International Journal of Social Economics*, Vol 44, Issue 1, pp. 114-131
- Stephen Oduro, LeulGirmaHaylemariam (2019), —Market orientation, CSR and financial and marketing performance in manufacturing firms in Ghana and Ethiopia , *Sustainability Accounting, Management and Policy Journal*, Vol10, Issue 3, pp. 398-426
- Suhadak, Kurniaty, Siti Ragil Handayani, Sri Mangesti Rahayu (2019), “Stock return and financial performance as moderation variable in influence of good corporate governance towards corporate value , *Asian Journal of Accounting Research*, Vol 4, Issue 1, pp. 18-34
- Suhadak Kurniati, —Stock returns and financial performance as mediation variables in the influence of good corporate governance on corporate value , *Corporate Governance*, Vol 19, Issue 6, pp. 1289-1309
- Suhadak, Sri Mangesti Rahayu, Siti Ragil Handayani (2019), — GCG, financial architecture on stock return, financial performance and corporate value ,*International Journal of Productivity and Performance Management*, Vol 69, Issue 9,pp. 1813-1831

- ▼ Tuan AzmaFatiema Tuan Ibrahim, Hafiza Aishah Hashim, Akmalia Mohamad Ariff (2020), —Ethical values and bank performance: evidence from financial institutions in Malaysia , *Journal of Islamic Accounting and Business Research*, Vol 11, Issue 1, pp. 233-256
- ▼ Venugopala Rao K.P., Farha Ibrahim (2017), —Financial Performance Analysis of Banks — A Study of IDBI Bank , *International Journal of Research in IT and Management (IJRIM)*, Vol 7, Issue 1, pp. 64~72.
- ▼ Vicente Roca-Puig, Ana B. Escrig-Tena (2017), —Examining nonlinear relationships between quality management and financial performance , *International Journal of Quality & Reliability Management*, Vol 34, Issue 7, pp. 1094-1110
- ▼ Vijay Hemant Sonaje, Dr. Shriram S. Nerlekar (2017), —Financial Performance Analysis of Selected Banks using CAMEL approach , *Indira Management Service*, Vol 11, Issue 2, pp. 17-24
- ▼ Vladimir Dzenopoljac, StevoJanosevic, Nick Bontis (2016), —Intellectual capital and financial performance in the Serbian ICT industry , *Journal of Intellectual Capital*, Vol 17, Issue 2, pp. 373-396.

