A STUDY ON FINANCIAL POSITION THROUGH RATIO ANALYSIS OF SWITCHING TECHNOLOGIES GUNTHER LIMITED

Project Report submitted in partial fulfillment
of the Requirement for the degree of

BACHELOR OF BUSINESS ADMINISTRATION
UNIVERSITY OF MADRAS

By

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APRIL 2023

CERTIFICATE

This is to certify that **HARI SANKAR B S** has completed his project, on ‘FINANCIAL POSITION THROUGH RATIO ANALYSIS IN STG’ under my guidance.

It is his own work fully and to the best of my knowledge and belief that it has not been used for the award of any degrees in this university or anywhere else and I am satisfied with his effort in this connection.

Head of Department: **Project guide**

Date: **Date:**

VIVA VOCE EXAMINATION

This is to certify that the report on '**FINANCIAL POSITION THROUGH RATIO ANALYSIS IN STG'** submitted by **HARI SANKAR B S** for partial fulfillment for the Bachelor in Business Administration degree is a record of research work done by his during the year 2022-2023.

This study represents independent work on the part of the candidate.

Internal Examiner: External Examiner:

DECLARATION

I hereby declare that the internship titled **“FINANCIAL POSITION THROUGH RATIO ANALYSIS IN STG”** is based on the original work carried out by me under the guidance of **Mr.CHANDRACHUDAN,MD**, STG PRIVATE Ltd and **Mr. TONY THOMAS** , faculty guide at college, submitted to Madras Christian College in partial fulfillment of the requirement of the course of study.

HARI SANKAR B S

ACKNOWLEDGEMENT

I am delighted to express my sincere thanks to our Principal Dr. P WILSON ,B.Sc, M.Sc, Ph.D, who has been a great moral support to us.

I would like to express my sincere gratitude towards the Head of the Department DR. D. ARMSTRONG DOSS, M.B.A., M.Phil., Ph.D. for providing me this opportunity to do a project which helped me gain knowledge and experience in my final year. I am highly indebted to Mr TONY THOMAS for his guidance and constant supervision as well as for providing necessary information regarding the project and also for her support in completing the project. My heartfelt thanks to Mr. CHANDRACHUDAN, Managing Director, for allowing me to do this project in their esteemed organization. I would like to express my gratitude towards my parents & members of STG LTD for their kind cooperation and encouragement which helped me in the completion of this project. My thanks and appreciations also go to my friends in developing the project and people who have willingly helped me out with their abilities. Finally, I would like to take this opportunity to thank all those who have directly or indirectly contributed to the completion of this project.

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CHAPTER – 1
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Financial Statements are generally prepared for the measurement of financial position of a particular company for a particular period of time, April 1 to March 31 is a one financial year.

The financial statements i.e.

(i) Profit and loss account and

(ii) Balance sheets provide useful information regarding the financial situation of the company.The information has its own value, but if someone wants to have better judgment of the concern, he has to analyze them. The project was carried out to conduct a study on financial statement Analysis and performance evaluation of Switching Technologies Gunther Limited. A research was carried out through the financial statement of the organization. In order to focus on the financial performance and evaluation of Switching Technologies Gunther Limited, the study focuses on the financial statement and ratio analysis, liquidity ratio, Efficiency ratio, Debt Management and Profitability and also analyzes the market position by comparing Switching Technologies Gunther's Revenue, Earning Per Share, Net Income with other business of manufacturing and trading of Switching products. Accounting ratios are supportive to analyze the financial locus of a company. Financial analysis aids to evaluate the financial health of a firm. Accounting ratios are intended for a number of years which demonstrates the changes. Ratios are useful tools for various stakeholders like management, financiers, shareholders and creditors etc. The study has been conducted mainly based on secondary data. Secondary data is used from the published annual reports of the company for the time period 2017-2022. Moreover, the study describes the internship experience and objectives of the study. Some information has also been collected from the discussion with the officers. Switching Technologies Gunther's results of the study shows that, increasing trend of inventory turnover ratio, gross profit margin ratio maintaining of debt to asset ratio. Proper and effective monitoring system should be developed in order to ensure the proper maintenance of liquidity and to minimize the debt of Switching Technologies Gunther. Financial performance analysis can identify the financial strengths and weaknesses of the firm by properly

establishing the relationship between the items of the balance sheet and profit and loss. It helps a firm to identify short term and long term growth forecasting.

This analysis can be undertaken by management of the firm or by parties outside the firm, namely, owner, creditors, investors. Financial statement analysis involves the re-organization of the entire financial data containing the financial statements. It is the establishment of significant relationships between the individual components of the balance sheet and profit loss account. This is done through the 11 application tools of financial analysis like ratio analysis, trend analysis, common size balance sheet and comparative balance sheet. This is used for determining the investment value of the business, credit rating and for testing efficiency of operation. Every company needs to analyze financial statements to know the performance of a company and companies take their decision and recovery procedure if needed.

CHAPTER – 2
INTRODUCTION

INTRODUCTION

The two primary objectives of every business are profitability and solvency. Profitability is the ability of a business to make profit, while solvency is the ability of a business to pay debts as they come due. (Hermanson et al, 1992: 824).However, the achievement of these objectives requires efficient management of resources of the business through planning, budgeting, forecasting, control, and decision – making. Also, the strengths and weaknesses of the business need to be identified and necessary corrective measures applied. Interestingly, accounting provides information that facilitates these functions.

Basically, accounting measures and communicates economic information needed for decision –making. Thus, the American Accounting Association (in Okezie, 2002:1) defined accounting as "the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by the information". Statement and the Balance Sheet. The Income Statement shows the profitability or profitability or operational result of a business, while the balance sheet shows the solvency or financial position of a business. Decision-making calls information. Bittel et al. (1984:340) observed: "Managers want information because they need to make decisions. The proper use of information is an important part of decision-making." Remarkably, one of the effective ways of providing information needed for decision-making is ratio analysis. Yes, business decisions of make or buy, investment or divestment, expansion or contrition, capital-organization and reconstruction, and so on cannot be properly made without the aid of financial ratios. They give cue to the financial strengths and weaknesses of a business, and highlight aspects of a business requiring further investigation. Financial information provided in financial statements is useful in business decisions. However, it must be noted that financial statements are means to an end not an end in themselves. Thus the use of financial statements in decision-making is not always easy owing to the problem of summarized nature of the information contained in financial statements, they need to be analyzed and interpreted by means of financial ratios to enable management and stakeholders 14 understand them and make well informed business decisions.

Therefore, this research paper is carried out to show how ratio analysis helps managers, shareholders, investors, creditors, and other stakeholders make informed judgments and decisions about the past performance, present condition, and future potential of a business. The relationship between two accounting figures expressed mathematically, is known as a financial ratio (or simply as a ratio). Ratios help to summarize large quantities of financial data and to make qualitative judgment about the firm's financial performance. For example, consider the current ratio. It is calculated by dividing current assets by current liabilities; the ratio indicates a relationship- a quantified relationship between current assets and current liabilities. This relationship is an index or yardstick, which permits a quantitative judgment to be formed about the firm's liquidity and vice versa. The point to note is that a ratio reflecting a quantitative relationship helps to form a qualitative judgment. Such is the nature of all financial ratios.

PURPOSE AND USES OF RATIO ANALYSIS

Ratios have wide applications and are of immense use today. The following are the main points of importance of ratio analysis:

A) Managerial uses of ratio analysis:-

1. Helps in decision making:- Financial statements are prepared primarily for decision making. Ratio analysis helps in making decisions from the information provided in these financial Statements.

2. Helps in financial forecasting and planning:- Ratio analysis is of much help in financial forecasting and planning. Planning is looking ahead and the ratios calculated for a number of years work as a guide for the future. Thus, ratio analysis helps in forecasting and planning.

3. Helps in communicating:- The financial strength and weakness of a firm are communicated in a more easy and understandable manner by the use of ratios. Thus, ratios help in communication and enhance the value of the financial statements.

4. Helps in coordination:- Ratios even help in coordination, which is of at most importance in effective business management. Better communication of efficiency and weakness of an enterprise result in better coordination in the enterprise.

B) Utility to shareholders/investors:- An investor in the company will like to assess the financial position of the concern where he is going to invest. His first interest will be the security of his investment and then a return in form of dividend or interest. Ratio analysis will be useful to the investor in making up his mind whether the present financial position of the concern warrants further investment or not.

C) Utility to creditors:- The creditors or suppliers extend short-term credit to the concern. They are invested to know whether the financial position of the concern warrants their payments at a specified time or not.

D) Utility to employees:- The employees are also interested in the financial position of the concern, especially profitability. Their wage increases and amount of fringe benefits are related to the volume of profits earned by the concern.

E) Utility to government:- Government is interested to know the overall strength of the industry. Various financial statements published by industrial units are used to calculate ratios for determining short term, long-term and overall financial position of the concerns.

F) Tax audit requirements:- Sec44AB was inserted in the income tax act by financial act; 1984.Clause 32 of the income tax act requires that the following accounting ratios should be given:

1. Gross profit/turnover.
2. Net profit/turnover.
3. Stock in trade/turnover.
4. Material consumed/finished goods produced.

Further, it is advisable to compare the accounting ratios for the year under consideration with the accounting ratios for earlier two years so that the auditor can make necessary enquiries, if there is any major variation in the accounting ratios. Several ratios, calculated from the accounting data can be grouped into various classes according to financial activity or function to be evaluated. Management is interested in evaluating every aspect of the firm’s performance. They have to protect the interests of all parties and see that the firm grows profitably. In view of these requirements of the various users of ratios, ratios are classified into following four important categories:

- ❖ Liquidity ratios - short-term financial strength
- ❖ Leverage ratios -long-term financial strength
- ❖ Profitability ratios - long term earning power
- ❖ Activity ratios - term of investment utilization

Liquidity ratios measure the firm's ability to meet current obligations;
Leverage ratios show the proportions of debt and equity in financing the firm's assets; Activity ratios reflect the firm's efficiency in utilizing its assets; and Profitability ratios measure overall performance and effectiveness of the firm.

Standards of comparison

The ratio analysis involves comparison for a useful interpretation of the financial statements. A single ratio in itself does not indicate favorable or unfavorable conditions. It should be compared with some standard. Standards of comparison may consist of:

- ➔ Past ratios, i.e. ratios calculated from the past financial statements of the same firm.
- ➔ Competitors' ratios, i.e., of some selected firms, especially the most progressive and successful competitor, at the same point in time
- ➔ Industry ratios, i.e. ratios of the industry to which the firm belongs and
- ➔ Protected ratios, i.e, developed using the protected financial statements of the same firm

CHAPTER-3
OBJECTIVES AND LIMITATIONS OF THE STUDY

OBJECTIVES

Primary Objective:

1. The main objective of the study is to apply ratio analysis to measure overall performance of the organization.

Secondary Objectives:

1. To analyze the profitability of the company.
2. To analyze the financial soundness of the company.
3. To ascertain the optimum utilization of the funds.
4. To identify the variability in profitability, liquidity, Solvency position.
5. To evaluate return on investment.
6. To evaluate the in depth relationship between ROA & current asset turnover ratio.

NEED FOR THE STUDY:

This study was mainly undertaken to measure the overall performance of the company. The problems, which are common to most of the public and private sectors undertaking, are materials scarcity. Capacity utilization and mainly working capital requirements of Switching Technologies Gunther Limited . Thus the importance of the study reveals as to how efficiently the working capital has been used so far in the organization.

SCOPE OF THE STUDY:

The study covers analysis of financial statements of Switching Technologies Gunther Limited for the period 2017-2022. The present analysis is carried up to the financial year 2022. It can be extended to future periods also. With the help of statistical analysis, the forecasting of subsequent years can also be made for particular items such as revenue, profit, etc. and more comprehensive results can be obtained. The statistical analysis can also be applied to other similar companies as well as the industry as a whole in order to know the prevailing situation in the whole industry. Ratio analysis is widely used as a powerful tool of financial statement analysis. It establishes a numerical or quantitative relationship between two figures of financial statements to ascertain the strength and weakness of current financial position and historical performance.

LIMITATIONS OF THE STUDY:

- Due to the difference in accounting period, evaluation of the company may not give an accurate image.
- The approach may differ on calculation of certain items and analysis and interpretation of the ratios.
- Time period of study is 5 years only
- The ratio analysis deals with quantitative aspects. It totally overlooks the qualitative aspect

CHAPTER-4
REVIEW OF LITERATURE

REVIEW OF LITERATURE

Financial statements have two major uses in financial analysis. First, they are used to present a historical recovery of the firm's financial development. Second, they are used for a course of action for the firm. A performance financial statement is prepared for a future period. It is the financial manager's estimate of the firm's future performance. The operation and performance of a business depends on many individuals are collective decisions that are continually made by its management team. Every one of these decisions ultimately causes a financial impact, for better or works on the condition and the periodic results of the business. In essence, the process of managing involves a series of economic choices that activates moments of financial resources connected with the business. Some of the decisions made by management will be the major, such as investment in a new facility, raising large amounts of debts or adding a new line of products or services. Most other decisions are part of the day to day process in which every functional area of the business is managed. The combined effect of all decisions can be observed periodically when the performance of the business is judged through various financial statements and special analysis. These changes have profoundly affected all our lives and it is important for corporate managers, shareholders, tenders, customers and suppliers to invest and the performance of the corporations on which they rely. All who depend on a corporation for products, services, or a job must be concerned about their company's ability to meet their demands in this changing world. The growth and development of the corporate enterprises is reflected in their financial statement.

According to "Dr. Aftab Alam &Mr. Rashid Iqubal Ansari" (2022) has studied the financial performance of Bharat Heavy Electricals Limited. According to the study BHEL financial performance is determined using various financial tools like profitability ratio, solvency ratio etc. With the use of ratio analysis BHEL financial position and future performance of the company has performed. In this article literature review's are Current ratio, Liquid Ratio, Inventory turnover ratio, Debtors turnover ratio.

According to "Student of Master of Financial Management Program, University Terbuka, Indonesia'' (2022) had written the article Reviewing the Effect of Liquidity and Profitability in the context of financial management, a scientific study titled **Financial Performance and Financial Distress** tries to provide a research hypothesis on the interaction between factors. In this article's literature review are:1) Liquidity affects Financial Performance; 2) Profitability has an effect on Financial Performance; 3) Liquidity affects Financial Distress; 4)Profitability has an effect on Financial Distress; and 5) Financial Performance Affects Financial Distress; In addition to these 2 external factors that influence the endogenous variables Financial Performance and Financial Distress there are still other additional elements, like as Leverage, Solvency and Activity variables.

According to "An M.Phil. Dissertation" (2019) entitled "Financial Analysis' – case study of sugar factories in Valsad and Navsari District was conducted by Jayesh R. Patel. The Primary purpose of the present study is to evaluate analyses and appraise the financial performance of the three sugar factories selected for the study, the present work is a modest attempt in this direction. Analysis of financial statements has been done by adopting various tools of analysis such as financial ratio and funds flows statements etc. An endeavor has been made by means of a number of examples from actual financial statements to accustom the analysis to seize upon salient features and to turn a critical eye upon points of weakness.

According to "Ahmed Arif Karim Almazari" (2018) had written an article in Journal of Accounting and Finance, Oct-Nov 2018 on the subject "Analyzing Profitability Ratios of the Jordanian Phosphate Mines''Company: He discusses different types of profitability ratios and how to interpret them. Types of analysis like Cross-selection analysis and time-series analysis are also explained. The main objectives of the study were-

- ❖ Emphasizing the importance of using financial ratios as the indicators of a firm's performance and financial situation.

- ❖ To analyze the time series behavior of the profitability ratio of the Jordanian Phosphate Mines Company, especially how these ratios behave during different business cycles?
- ❖ IRJC International Journal of Marketing, Financial Services & Management - Identifying the obstacles and difficulties facing this company as regards to its profitability ratios.
- ❖ Recommending solutions which can be a source of help to the financial department of the Jordan Phosphate Mines Company.

According to "Ms M. Ganga" (2018) has studied the evaluation of financial performance of Equitas Micro Finance Private Limited in Chennai. According to them Financial analysis is important to plan and control the firm's financial resources. They adopted various research techniques to find the evaluation of financial performance of the organization. They found that the managers must concentrate on gray areas which would be useful for future growth of the company.

According to "Dr. M. Ravichandran" (2016) , the financial performance of Force Motor limited can be measured by using various financial tools such as profitability ratio, solvency ratio, comparative statement, etc. Based on the analysis, findings have been arrived at that the company has got enough funds to meet its debts & liabilities, the income statement of the company shows sales of the company increased every year at a good rate and profit also increased every year.

According to "Ethan Coquette" (2013) Which an investor or business is utilizing borrowed money. Companies that are highly rated may be at risk of bankruptcy if they are unable to make payments on their debt; they may also be unable to find new lenders in the future. Ratio is not always bad, however; it can increase the shareholders' return on their investment and often there are tax advantages associated with borrowing.

According to "Rachchh Minaxi"(2011), a book titled, Introduction to Management Accounting, mentioned that the financial statement analysis involves analyses of financial statements to dig out information which is useful to make decisions. It is the process of appraising the relationship between different variables of the financial statements to get a healthier understanding of a firm's performance.

According to "Choudhary" (2007) has studied the performance of the common stocks under alternative investment strategies by examining the relationship between investment performance of equity securities and alternative investment strategies based on their market capitalization, P/E ratio and earnings per share for the period January 1997 to December 2005. He has concluded that the low market capitalization, P/E ratio, and earnings per share portfolios on average earned higher absolute rate of return than the high market capitalization, P/V ratio, and earnings per share portfolios respectively. He has observed that among the three investment strategies the low market capitalization investment strategy was found superior to both low P/E ratio and low earning per share investment strategies in terms of absolute and risk adjusted rate of return. He has mentioned in the study that the efficient market hypothesis denies the possibility of earning abnormal returns, the fundamental analysts assert that investment strategies based on the accounting numbers may be indicators of feature investment performance.

According to "Robert W. Smith and **Thomas D. Lynch" (2003)** Ratio is any strategic or tactical advantage, and as a verb, means to exploit such an advantage, just as the use of a physical lever gives one an advantage in the physical sense. Ratio is a very popular business term .In the world of finance, Ratio is the use of borrowed money to make an investment and the return on an investment.

According to "Pai, Vadivel & Kamala" (1995) have studied diversified companies and financial performance. Main purpose of the research was to find out the relationship between diversified firms and their financial performance. For the purpose of research, they have selected seven large firms and analyzed those firms which have different products-both related and otherwise-in their portfolio and operating in diverse industries. In this study, a set of performance measures / ratios was employed to determine the level of financial performance and variation in performance from one firm to another has been observed and statistically established.They revealed that the diversified firms studied have had healthy financial performance.

According to "Lal C. Jagetia" (1996) has given an article in the journal "Management Accountant" on the subject, "Ratio Analysis in Evaluation of Financial Health of a Company".
The main objective of this article was that the ratio analysis is often under-rated but extremely helpful in providing valuable insight into a company's financial picture. He observed that the ratios normally pinpoint business strengths and weaknesses in two ways-Ratios provide an easy way to compare today's performance with the past. Ratios depict the areas in which a particular business is competitively advantageous or disadvantageous through comparing ratios to those of other businesses of the same size within the same industry. He concluded that the ratio analysis should not be viewed as an end but should be viewed as a starting point.

According to "Hermanson" (1992) , "financial statement analysis consists of applying analysis tools and techniques to financial statements and other relevant data to show important relationships and obtain useful information." Therefore, financial statement analysis can be defined as the breaking down, interpretation, and translation of data contained in financial statements to provide information and show important relationships among the items of financial statements and drawing conclusions about the past performance, current financial position, and future potentials of a business.

According to "Davis" (1976) explained the uses and the limitations of Ratio Analysis. He is of the view that Ratio Analysis can be used for investment decision and performance analysis as the past performance of a company provides clues for future performance. But he also warned that ratio analysis has the shortcoming of being dependent on the quality and quantity of data of published reports.

According to "Lucey" (1988) "Ratio analysis is the systematic product from internal and external financial reports so as to summarize key relationships and results in order to appraise financial performance". Ratio is a tool of financial analysis, which can be used as a predictive tool for measuring business performance, showing areas of strengths and weaknesses of a company and required for management control decisions, investment decisions and credit control purposes.

CHAPTER-5
RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Research Design:

The study on "Financial Statement Analysis and Performance Evaluation of Switching Technologies Gunther Ltd" is descriptive in nature which is mainly based on secondary data. The study focuses on financial statement analysis using the ratio and measurement of performance of Switching Technologies Gunther Ltd.

Sources of data: The study is mainly based on secondary data.

1. Annual report of Switching Technologies Gunther Ltd
2. Website of Switching Technologies Gunther Ltd
3. Magazines of Switching Technologies Gunther Ltd
4. Files and folders of Switching Technologies Gunther Ltd
5. Written documents of Switching Technologies Gunther Ltd
6. Statistical data of Switching Technologies Gunther Ltd and Different text books are the major data sources in this report.

Though the use of primary data is very limited in this report, some information has been collected from the opinions of officials of Switching Technologies Gunther Ltd . The secondary data are collected for the period of five years from 2017 to 2022.

Ratios are used to analyze

1. **Overall Liquidity Ratio** , it include Current Ratio, Quick Ratio, Cash Ratio and Net Working Capital Ratio
2. **Overall Profitability Ratio**, it include Gross Profit Ratio, Net profit Ratio, Operating Profit ratio, Earning Per Share, Return On Asset, Return On Equity and Return On Investment
3. **Overall Solvency Ratio**, it include Proprietary Ratio, Debt To Total Fund Ratio and Fixed Asset to Proprietary Ratio

Limitations

Though I have given utmost effort to prepare this paper, there are some limitations of the study. Such are as follows:

1. The main constraints of the study was insufficiency of information, which was required for the study. There was various information the head office employee can’t provide due to confidential and other corporate obligations.
2. The functions and activities of STG are too vast, so they change their strategy day by day. As a result I can’t collect updated information & strategy.
3. As I am a student it is not possible for me to collect all the necessary information.
4. Lack of Experience.

CHAPTER 6:
COMPANY PROFILE

COMPANY PROFILE

SWITCHING TECHNOLOGIES GUNTHER LTD (STG), shortly known as STG is situated at Madras export processing Zone, Tambaram, Chennai-45. This company is a subsidiary of M\A Gunther was the promoter of the company.

The company was incorporated on 27th April 1988. STG and Gunther are members of the Comus international group, a well-known group of associated companies dedicated to the design, manufacture and distribution of switch and senior product. Comus internationals is an American company.

STG-Chennai, has been in operation for more than 18 years now and is engaged in the manufacture and export of miniature and standard reed switches (including pressurized switches changes over switches) to its collaborator M\S W. Gunther Gmbh, who in the market switches to various customers in Europe and world wide. The company is also affecting supplies of reed switches to market in North America. The reed switches manufactured by STG find application in Automobile Electronics, power electronics, Telecommunication, Industrial control equipment and appliance industry.

The company's manufacturing facilities situated at Chennai manufactures the switches broadly on automatic equipment as well as semi-automatic machines.

The quality of reed switches is closely monitored and controlled by microprocessor controlled test equipment, so that the various electrical parameters are adhered to. The company's facility also includes the most modern computer driver automatic plating line.The plant is capable of manufacturing a variety of reed switches and the current product mix of the company has over 20 types of switches. The company shares trade on the Mumbai, Chennai and Ahmedabad stock exchange under "SWITCH-TECH".

FIGURE 6.1 LOGO:

PERFORMANCE OF THE COMPANY

In the financial year the company was able to reach higher sales due to increase in production of high value switches in spite of the general recessionary status in global makes for industrial products, however the world wide poor economic market growth and resultant low capacity utilization has resulted in a considerable not loss to the company and there by the company has become potentially sick industries act.

The company has become potentially sick due to the following major reasons.

- ❖ Global industrial Recession
- ❖ Lack of working capital facility
- ❖ Lower capacity utilization.

The management is planning to overcome the problem by initiating the following steps..

- Increase the equity of the company by issuing shares on a private placement basis, which in turn should provide liquidity for working capital requirements.
- Issue of shares on private placement basis to W.Gunther Gmbh for the value of machines provided on lease basis which would strengthen the asset base of the company as well as its borrowing power.
- Increased orders from the collaborator for higher value switches thereby increasing, profit margins and capacity utilization of the company.
- Continuing negotiation with IFC Washington on term loan replacement.
- New negotiation with W.Gunther GMBH for additional indebtedness waivers to bolster income and ott-set losses.
- Thus, these serious steps, which the company intends to take, would help the company to tide over the above said problems and these are expected to bear the result in the next financial year.

ORGANIZATION STRUCTURE

An office consists of persons who have common objectives. Office organization may be defined as a systematic arrangement as positions in the office and welding together office personnel into a team is the process of dividing the total work out the office into departments, assignment of each department or section to competent personnel, delegation authority and providing the necessary facilities for the efficient performance of duties. Office organization serves as the framework within which office employee's associate for attaining the activities to various employees and determining the relationships among them.

Organizing an Office:

In order to organize the work of an office, the office manager has to take the following steps:

- Determination of objectives of the enterprise.
- Formulating derivative objectives, policies and plans
- Identification of activities necessary to accomplish these objectives, policies and plans
- Grouping these activities into departments.
- Classifying the activities of each department into sections.
- Assigning duties to subordinates to enable them to perform the duties assigned.
- Co- ordinating different groupings together horizontally and vertically through authority relationships and information systems.
- Delegating authority to subordinates to enable them to perform the duties assigned.

Organization structure:

Organization structure is a structure of relationships among positions and jobs created for the purpose of accomplishing the objective of the enterprise. It represents a pattern of Relationship among the components of an organization are

- The form of the structure
- The functions to be performed, an
- The human aspect.

OFFICE LAYOUT

Office Layout is the arrangement of furniture, equipment and all other physical components within the available space. It is in reality space management to aid productivity. Office layout calls for the arrangement of the physical components with a well throughout plan. Poor layout causes.

- ➢ Crowding in one place; vacant space at another
- ➢ Hurdles in the free flow of work and
- ➢ Poor quality output

A poor layout is a subtle drain on resources of time, money and manpower. On the other hand, a well planned layout will impress even a casual visitor about the efficiency of the office and its business - like appearance.

When a new office is planned, the layout must be given due consideration. When efforts are on for relocation or expanding, the layout has to be reconsidered. In fact, office layout is a periodic exercise bound to produce good results. No building would be tailored to meet all the needs of its occupant. The same applies to offices also unless the building is started from scratch.

Even then, a periodic review will be required and a rearrangement of the layout will be needed. Any attempt to provide a new layout should proceed by careful examination of the available space, nature of work and its flow. The number of people to be employed there and the type of furniture and equipment that will be used. Office layout is important since it contributes to the effective functioning of an office.

DEPARTMENTATION

It is the process, which is used to group the activities into units for the purpose of administration at all levels. The various activities are identified and they are grouped under logical basis. The purpose of grouping is known as departmentation.

SWITCHING TECHNOLOGY GUNTHER LIMITED has a manufacturing unit and its key functions in manufacturing reed switches.

The following are the various department:

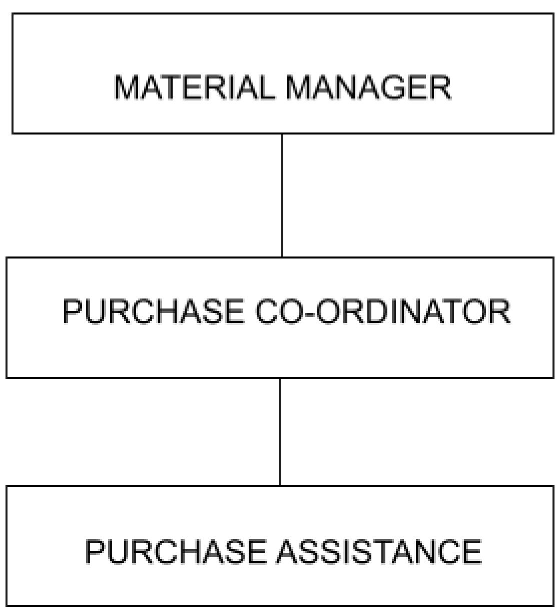
• Purchase Department
• Production Department
• Personal Department
• Finance Department
• Insurance Department
• Import/ Export Department

PURCHASE DEPARTMENT

Purchase department is to make the purchase of various items of materials at the right time of a good quality at the most economical price. The department is managed by a technical cum professionally qualified person..

CHART OF PURCHASE DEPARTMENT

FIGURE 6.2



OBJECTIVES OF PURCHASE DEPARTMENT

The objectives of the Purchase Department are multifaceted. Some of the objectives are listed below.

- Purchasing the best material at the right price.
- Ensuring economy in the purchasing functions is by helping the reduction of cost of the organization.
- Keeping an eye on the quality of the material purchased.

Avoiding any unnecessary purchase of materials and reducing stocking of huge quantities of materials

PRODUCTION DEPARTMENT

The production department is managed by a production manager and a team of employees. The production manager and his team members are technically qualified, experienced and enriched with all the requisite skill to manage the day to dry production oriented problems and ensure the productivity norms are met.
During the years, Production was aligned to most Market requirements. The thrust on Inventory reduction, Process improvement and control over wastage and costs continued this year.
This Department plays a very critical role in optimum utilization of Raw Materials and reducing Material losses by performing the following function.

- Initiate requisition of Raw Materials of required quantity at right time to carry to with smooth now production.
- Verification of raw material received from nom stores.
- Maintaining proper records of material charged to various job processes and operations.
- Prepare proper notes for return of materials, transfer of materials from job to another job.
- Prepare proper records regarding work-in-progress, scrap, spoilage and defectives and send periodical reports to management, For minimizing losses.

PROCEDURE AND PROCESS DURING MANUFACTURES

1. Press working
2. Operation
3. Annealing
4. Plating
5. Sealing

6. Sorting & testing

CHART OF PRODUCTION DEPARTMENT

FIGURE 6.3

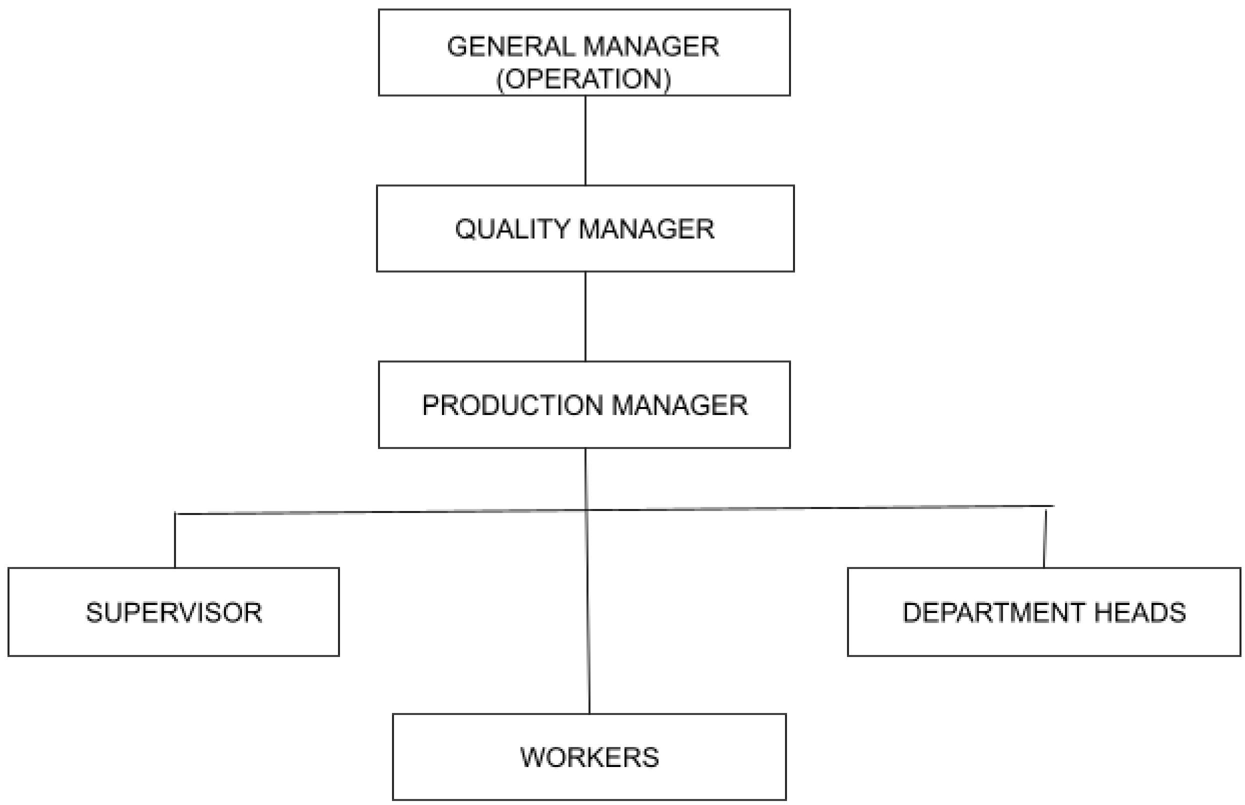
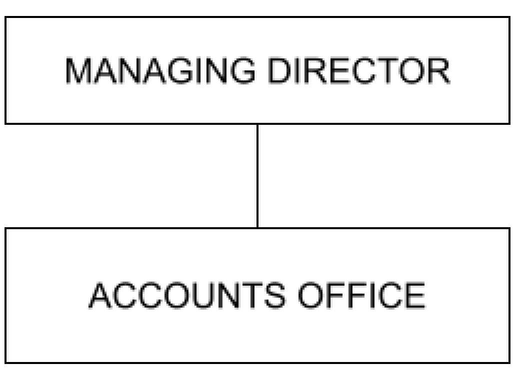


CHART SHOWING FUNCTIONS OF FINANCE DEPARTMENT

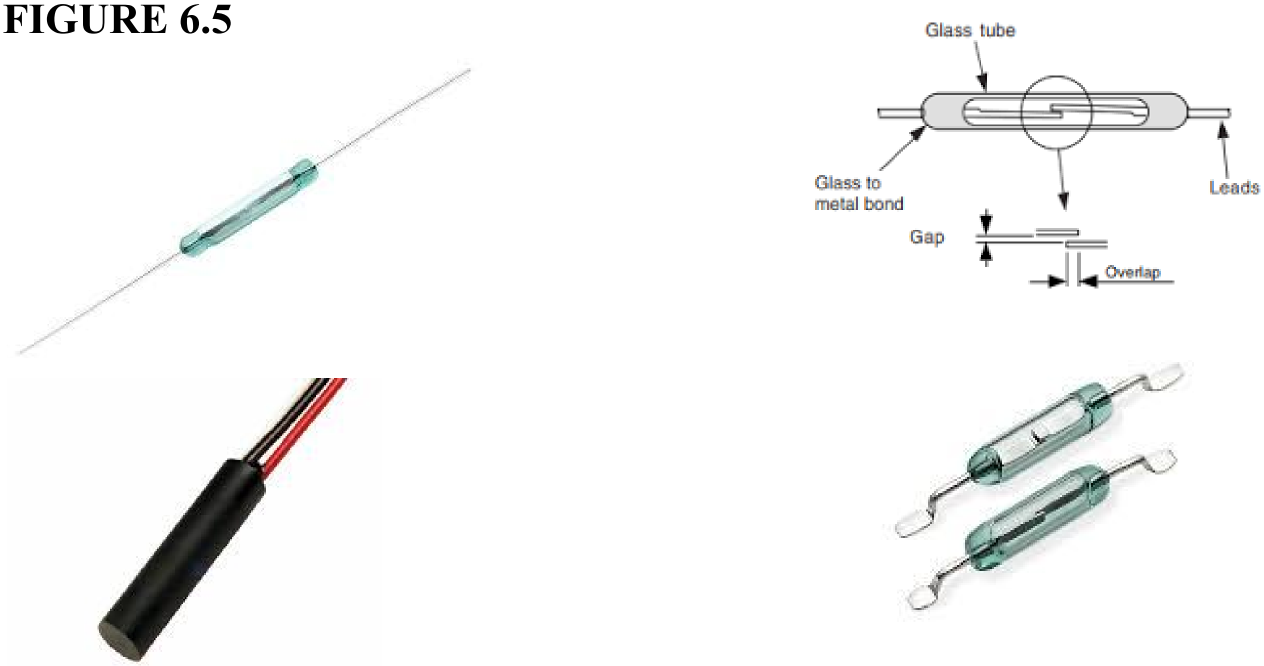
FIGURE 6.4



PRODUCTS

Varieties of reed switches

FIGURE 6.5



Major Exporting Countries;

FIGURE 6.6

SOURCE:;Shutterstock

CHAPTER-7
DATA ANALYSIS AND INTERPRETATION

LIQUIDITY RATIOS

It is extremely essential for a firm to be able to meet the obligations as they become due. Liquidity ratios measure the ability of the firm to meet its current obligations (liabilities). The liquidity ratios reflect the short-term financial strength and solvency of a firm. In fact, analysis of liquidity needs the preparation of cash budgets and cash and funds flow statements; but liquidity ratios, by establishing a relationship between cash and other current assets to current obligations, provide a quick measure of liquidity. A firm should ensure that it does not suffer from lack of liquidity, and also that it does not have excess liquidity. The failure of a company to meet its obligations due to lack of sufficient liquidity, will result in a poor credit worthiness, loss of credit worthiness, loss of creditors' confidence, or even in legal tangles resulting in the closure of the company. A very high degree of liquidity is also bad; idle assets earn nothing. The firm's funds will be unnecessarily tied up in current assets. Therefore, it is necessary to strike a proper balance between high liquidity and lack of liquidity. The most common ratios which indicate the extent of lack of liquidity are:

- ❖ Current ratio
- ❖ Quick ratio.
- ❖ Cash ratio
- ❖ Net Working capital.

1.CURRENT RATIO

Current ratio is also known as the working capital ratio or 2:1 ratio. Current ratio is calculated by dividing current assets by current liabilities.

Formula:

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

Current assets include cash and other assets that can be converted into cash within a year, such as marketable securities, debtors and inventories. Prepaid expenses are also included in the current assets as they represent the payments that will not be made by the firm in the future. All obligations maturing within a year are included in the current liabilities. Current liabilities include creditors, bills payable, accrued expenses, short-term bank loan, income tax, liability and long-term debt maturing in the current year. The current ratio is a measure of a firm's short term solvency. It indicates the availability of current assets in rupees for every one rupee of current liability. A ratio of greater than one means that the firm has more current assets than current claims against them Current liabilities.

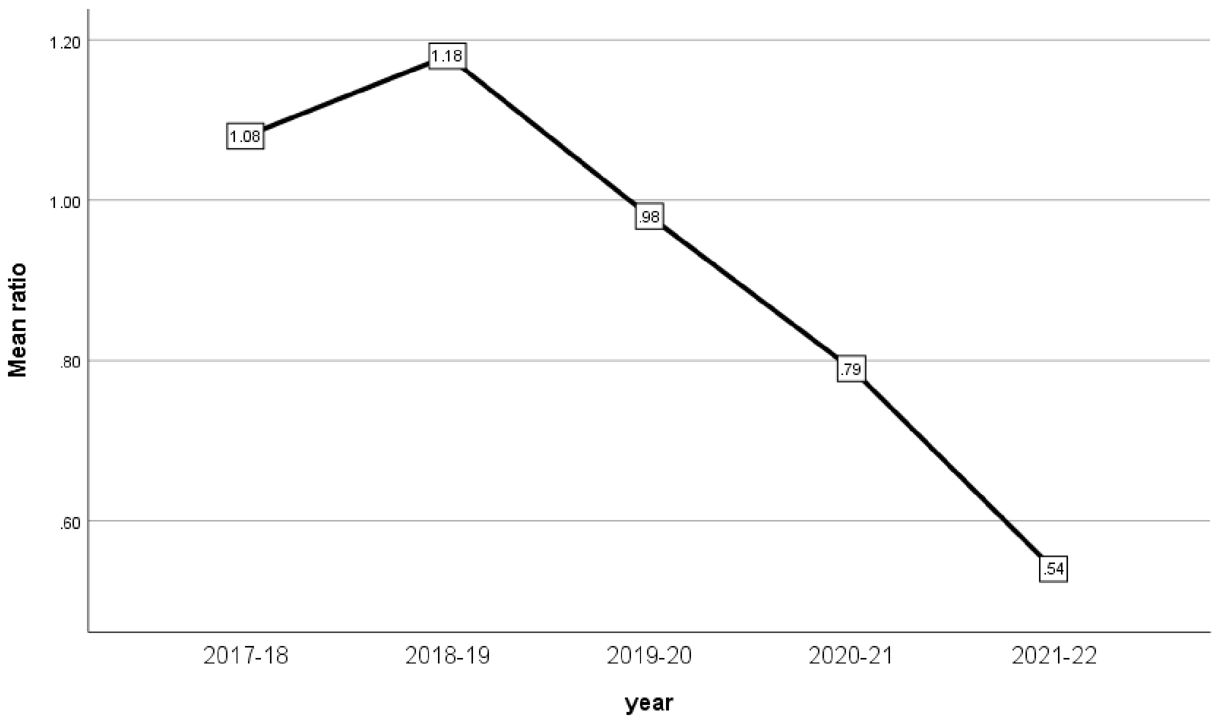
TABLE 7.1

TABLE SHOWING CURRENT RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2017-2018	91244933	84240187	1.08
2018-2019	85352560	72006398	1.18
2019-2020	82151367	83550473	0.98
2020-2021	102710000	129388000	0.79
2021-2022	101819000	189411000	0.54

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.1
FIGURE SHOWING CURRENT RATIO



INTERPRETATION

An decrease in the current ratio reflects the deterioration in the liquidity position of a business while the increase signals that there has been an improvement in the liquidity position of the business. But here the current ratio of 2017-2018 is 1.08 and the financial year 2021-2022 0.54 , it clearly shows that the liquidity position has almost decreased by half. i.e current liabilities almost doubled in 5 years of time. Current assets should be almost double than the current liabilities. The idea is to provide for loss in the value of current assets due to probable decrease in the market value and to offer for any possible delay in the realization of current assets. Current ratio compares only the quantity of current assets rather than the quality of assets. But here the Current liabilities is almost doubled than current assets. So STG is in a down trend due to Covid 19 pandemic, because of low exporting of products.

2. QUICK RATIO

Quick ratio is also known as liquid ratio or acid test ratio. Current ratio provides a rough idea of the liquidity of a firm so subsequently a second testing device was developed named as acid test ratio or quick ratio. It establishes a relationship between liquid assets and current liabilities. In many businesses a significant proportion of current assets may comprise inventory. Inventory, by nature, cannot be converted into ready cash abruptly. The term liquid assets does not include inventory. The quick ratio is often called the acid test ratio in reference to the historical use of acid to test metals for gold by the early miners. If the metal passed the acid test, it was pure gold. If metal failed the acid test by corroding from the acid, it was a base metal and of no value.

liquid (quick) assets

Formula: Quick Ratio = **-----------------------------**

Current liabilities

Where, liquid or quick assets include all the current assets minus inventory and prepaid expenses.

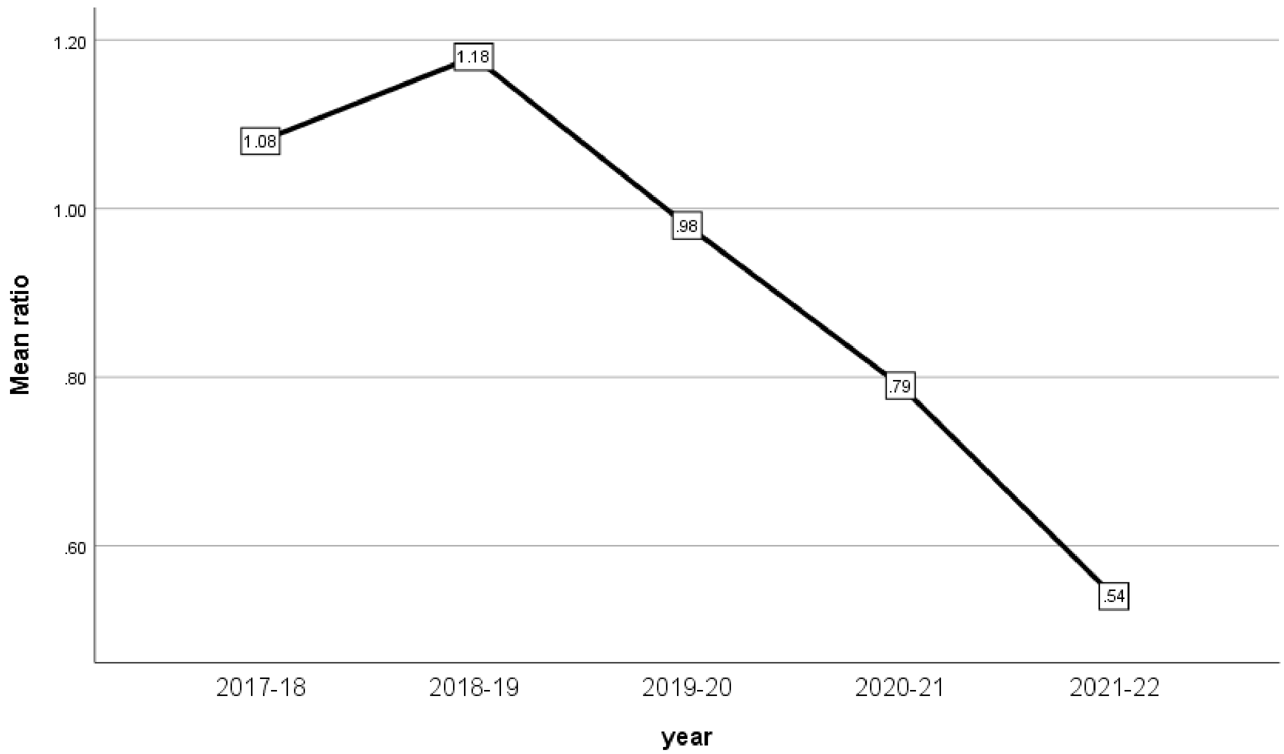
TABLE 7.2

TABLE SHOWING QUICK RATIO

YEARS	CURRENT ASSETS	CURRENT LIABILITIES	QUICK RATIO
2017-2018	91244933	84240187	1.08
2018-2019	85352560	72006398	1.18
2019-2020	82151367	83550473	0.98
2020-2021	102710000	129388000	0.79
2021-2022	101819000	189411000	0.54

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.2
FIGURE SHOWING QUICK RATIO



As quick ratio eliminates inventory and prepaid expenses for matching against current liabilities therefore it is a more rigorous test of liquidity as compared to Current ratio. When used along with Current ratio it gives a clearer picture of a business's liquidity position. Rule of thumb for acid test ratio is 1: 1 i.e., if business liquid assets are 100 percent of its current liabilities it is considered to be having a fairly good current financial position. Just like any other ratio the interpretation of acid test ratio also depends on circumstances discussed under Current ratio. Interpretation of this ratio is also subject to the same factors and conditions as the Current ratio. The Ideal Ratio is 1:1 which shows that the company has a good capacity to pay off current obligations immediately and is a test of liquidity. The high Quick Ratio indicates that the firm has the ability to meet its current liabilities. The above table shows the Quick Ratio of five years (2017 to 2022). The Quick Ratio of STG Ltd. varied from 1.08 to 0.58 with an average of 0.83. Here standard norms of 1:1 are not followed. It confirms that the liquidity position of STG Ltd in terms of quick ratio was less than the standard.

3. CASH RATIO

The cash ratio is a measurement of a company's liquidity, specifically the ratio of a company's total cash and cash equivalents to its current liabilities. The metric calculates a company's ability to repay its short-term debt with cash or near-cash resources, such as easily marketable securities.

Formula:

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current liabilities}}$$

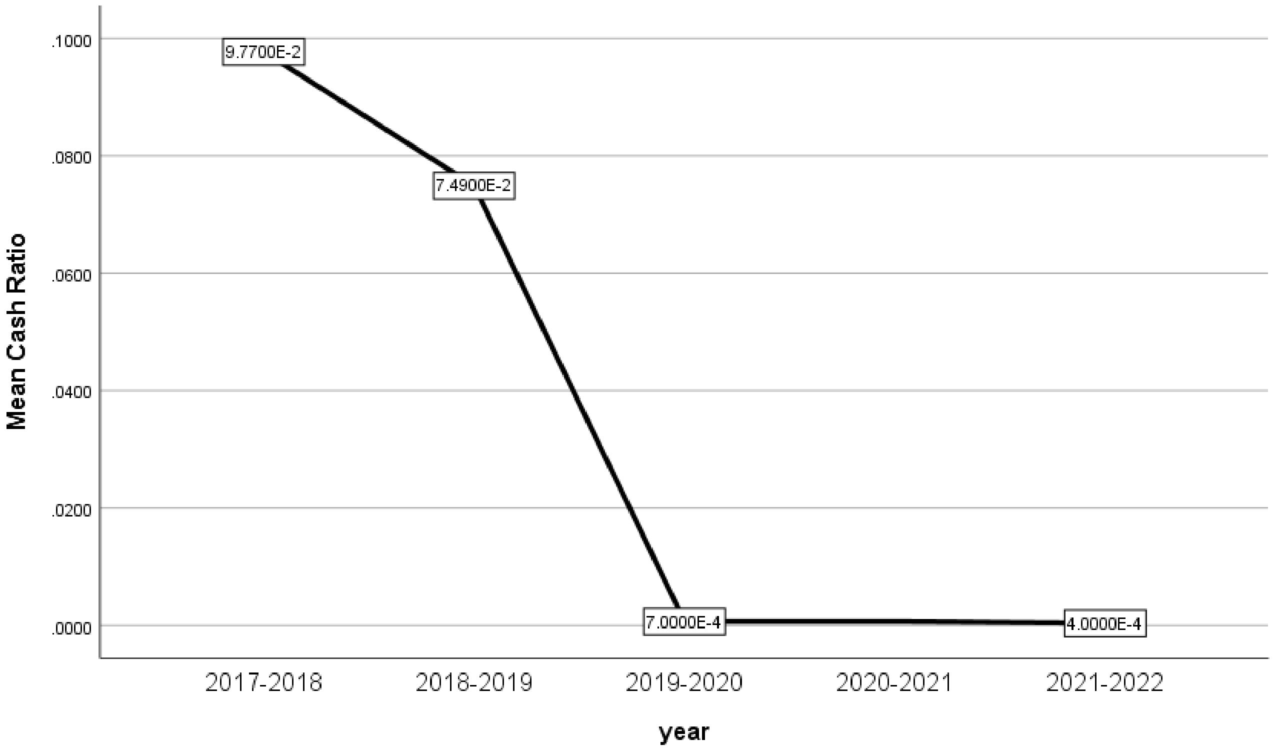
TABLE 7.3

TABLE SHOWING CASH RATIO

YEARS	CASH AND CASH EQUIVALENTS	CURRENT LIABILITIES	CASH RATIO
2017-2018	8232664	84240187	0.0977
2018-2019	5397730	72006398	0.0749
2019-2020	140795	83550473	0.0007
2020-2021	102040	129388000	0.0007
2021-2022	799000	189411000	0.0004

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.3
FIGURE SHOWING CASH RATIO



INTERPRETATION

The Cash Ratio indicates the capacity of the company to realize current liabilities with its liquidity position. The Cash Ratio of STG Ltd, is on a decreasing trend from 2017 to 2022. It started with a ratio 0.0977 in the year 2018 and decreased by 0.0228 in the year 2019 ,by next year it was in a huge depression and reached 0.0007in 2020 and reached its all time low in the year 2022 with a ratio of 0.0004, which is lowest among the 5 years. This indicates the ability of the company not to realize its current liabilities.

4. NET WORKING CAPITAL RATIO

The difference between current assets and current liabilities excluding short – term bank borrowings is called net working capital (NWC) or net current assets (NCA). NWC is sometimes used as a measure of a firm's liquidity. It is considered that between two firm’s the one having larger NWC has the greater ability to meet its current obligations. This is not necessarily so; the measure of liquidity is a relationship, rather than the difference between current assets and current liabilities. NWC, however, measures the firm's potential reservoir of funds. This measurement only provides a general idea of the liquidity of a business, for the following reasons: It does not relate the total amount of negative or positive outcome to the amount of current liabilities to be paid off, as would be the case with a real ratio. It does not compare the timing of when current assets are to be liquidated to the timing of when current liabilities must be paid off. Thus, a positive net working capital ratio could be generated in a situation where there is not sufficient immediate liquidity in current assets to pay off the immediate requirements of current liabilities.

Formula:

Net Working Capital Ratio = Current Assets - Current Liabilities

OR

= Net Working Capital/Total Assets

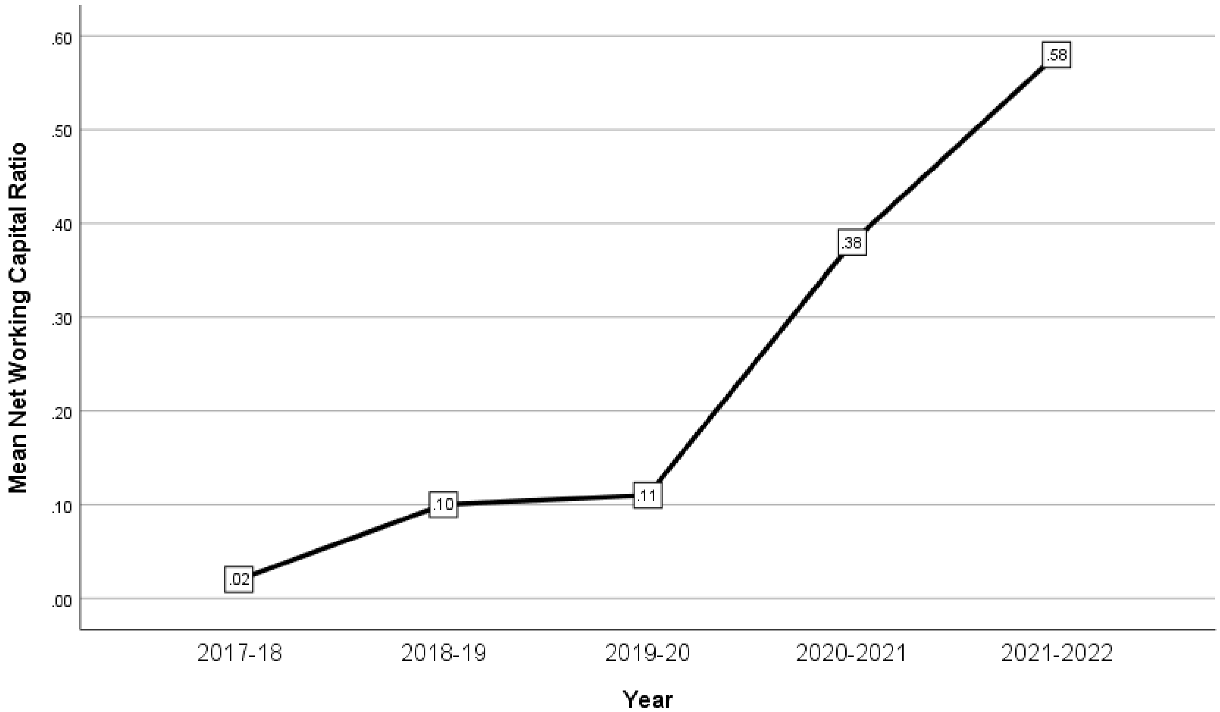
TABLE 7.4
TABLE SHOWING NET WORKING CAPITAL RATIO

YEARS	NET WORKING CAPITAL	TOTAL ASSETS	NET WORKING CAPITAL RATIO
2017-2018	2415502	98540435	0.02
2018-2019	9176351	91419361	0.10
2019-2020	9488333	87252935	0.11
2020-2021	39491000	102710000	0.38
2021-2022	65652000	113420000	0.58

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.4

FIGURE SHOWING NET WORKING CAPITAL RATIO



INTERPRETATION

There is an increasing trend of working capital from 2017 to 2022 which indicates that working capital is more active; it is supporting, comparatively, higher levels of production and sales; it is being used more intensively.Here the working capital is increasing along with years.The working capital tells us that the company has short-term liquid assets remaining after short-term liabilities have been paid off. It measures the company's short-term liquidity and is important for performing financial analysis, financial modeling, and managing cash flow. A ratio of 1.5 to 2 is interpreted as indicating a company on solid financial ground in terms of liquidity. But here the net working capital ratio has increased from 0.02in 2017 to 0.58 in 2022. Company has some liquidity problems in 2017 now the company is surviving to attain a standard ratio.

PROFITABILITY RATIOS

The main object of a business concern is to earn profit. In general terms, efficiency in business is measured by profitability. A low profitability may arise due to lack of control over the expenses. Banker's financial institutions and other creditors look at the profitability ratios as an indicator whether or not the firm earns substantially more than it pays interest for the use of borrowed funds and whether the ultimate repayment of their debt appears reasonably certain. Owners are also interested to know the profitability as it indicates the return which they can get on their investments.

Following are some of the most important profitability ratios:

1. **Gross Profit Ratio:** Gross profit ratio is the ratio of gross profit to net sales i.e. sales less sales returns.
2. **Operating Profit Ratio:** Operating net profit ratio is calculated by dividing the operating net profit by sales.
3. **Net Profit Ratio:** Net profit ratio expresses the relationship between net profit after taxes and sale.
4. **Operating Ratio:** This ratio is determined by comparing the cost of the goods sold and other operating expenses with net sales.
5. **Earnings per Share Ratio:** Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock.
6. **Return on Assets Ratio:** Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets.
7. **Return on Equity:** The return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholders' investments in the company.
8. **Return on Investment:** Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment

1.GROSS PROFIT RATIO

Gross profit ratio is the ratio of gross profit to net sales i.e. sales less sales returns. The ratio thus reflects the margin of profit that a concern is able to earn on its trading and manufacturing activity. It is the most commonly calculated ratio. It is employed for inter-firm and inter-firm comparison of trading results. It results from the difference between net sales and cost of goods sold without taking into account expenses generally charged to the profit and loss account. The larger the gap, the greater is the scope for absorbing various expenses on administration, maintenance, arranging finance, selling and distribution and yet leaving net profit for the proprietors or shareholders.

Formula: $$\textbf{Gross Profit Ratio} = \frac{\textbf{Gross Profit}}{\textbf{Net sales}} \times 100$$

Where Gross profit = Net sales - Cost of goods sold

Cost of goods sold = Opening stock + Net purchases + Direct expenses – Closing Stock Net sales = Sales - Returns inwards

TABLE 7.5

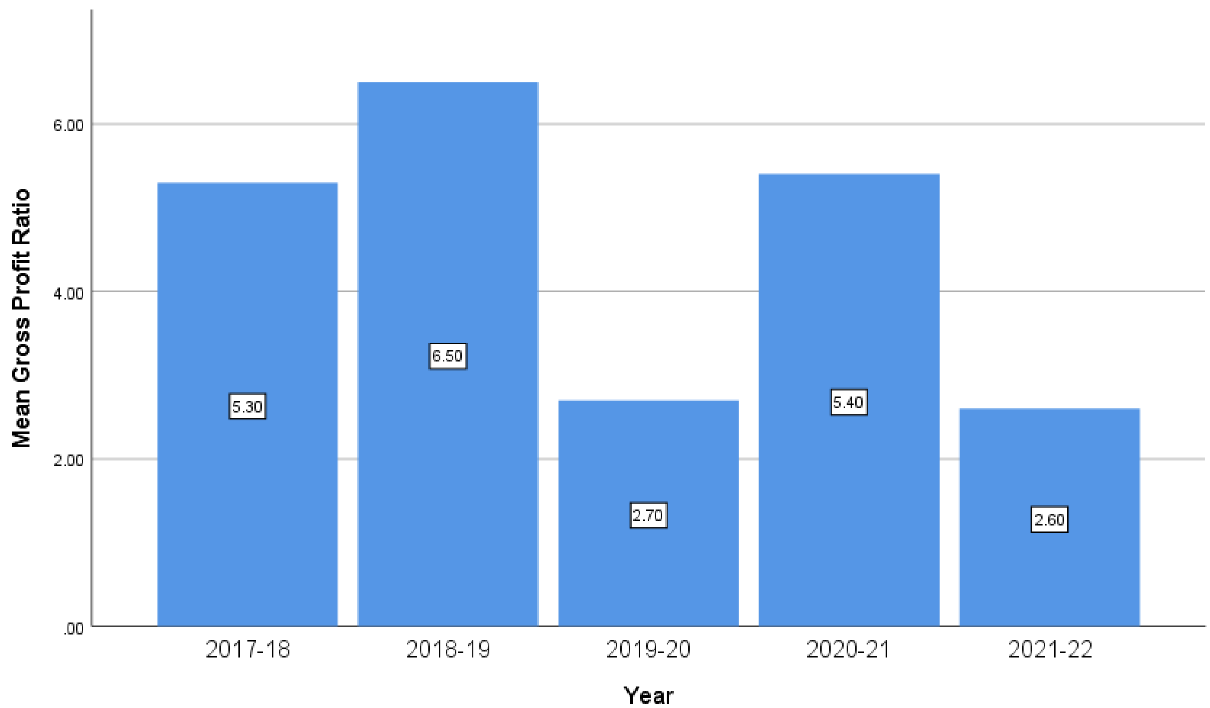
TABLE SHOWING GROSS PROFIT RATIO

YEAR	GROSS PROFIT	NET SALES	GROSS PROFIT RATIO
2017-2018	7959480	147896214	5.3
2018-2019	9636140	147636289	6.5
2019-2020	4977764	185791426	2.7
2020-2021	7959480	147896214	5.4
2021-2022	4764871	183549219	2.6

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.5

FIGURE SHOWING GROSS PROFIT RATIO



INTERPRETATION

In this bar diagrammeThere is a decline in gross profit ratio from 2017 to 2022 but there is an increase in the percentage of gross profit in the year 2021 as compared to the previous year. A low gross profit margin of STG LTD means that the company didn't do well in managing its cost of sales. It also shows that the company has more to cover for operating, financing, and other costs. And in upcoming years the company should care about managing its cost of sale.

2. NET PROFIT RATIO

Net profit ratio (NP ratio) expresses the relationship between net profit after taxes and sales. This ratio is a measure of the overall profitability net profit is arrived at after taking into account both the operating and non-operating items of incomes and expenses. The ratio indicates what portion of the net sales is left for the owners after all expenses have been met.

Formula; **Net Profit after Tax X 100**

Net Profit Ratio = --

Net Sales

$$\text{Net Profit Ratio} = \frac{\text{Net Profit after Tax} \times 100}{\text{Net Sales}}$$

TABLE 7.6

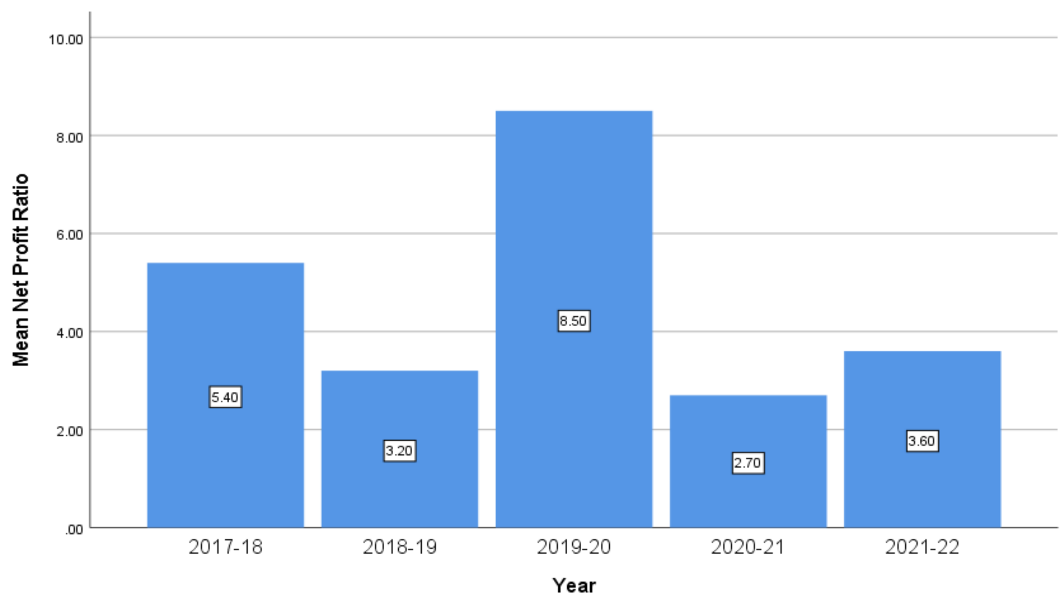
TABLE SHOWING NET PROFIT RATIO

YEAR	NET PROFIT AFTER TAX	NET SALES	NET PROFIT RATIO
2017-2018	7959480	147896214	5.4
2018-2019	4764871	147636289	3.2
2019-2020	15710502	185791426	8.5
2020-2021	4033300	147896214	2.7
2021-2022	6608400	183549219	3.6

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.6

FIGURE SHOWING NET PROFIT RATIO



INTERPRETATION

Net profit ratio is used to measure the overall profitability and hence it is very useful to proprietors. The ratio is very useful as if the net profit is not sufficient, the firm shall not be able to achieve a satisfactory return on its investment. This ratio also indicates the firm's capacity to face adverse economic conditions such as price competition, low demand, etc. Obviously, higher the ratio the better is the profitability. But while interpreting the ratio it should be kept in mind that the performance of profits can also be seen in relation to investments or capital of the firm and not only in relation to sales. Higher the net profit ratio, higher is the profitability of the business. The net profit ratio of STG is high in the year of 2019-2020 which is 8.5%. And the company is in the declining phase. It means, in 2019-2020 STG is in a high position in profitability compared to other years. Here the profitability is less.

3. OPERATING PROFIT RATIO

Operating profit ratio is calculated by dividing the operating profit by sales. This ratio helps in determining the ability of the management in running the business. Operating profit ratio establishes a relationship between operating Profit earned and net revenue generated from operations (net sales). Operating profit ratio is a type of profitability ratio which is expressed as a percentage.Net sales include both Cash and Credit Sales, on the other hand, Operating Profit is the net profit i.e. the Operating Profit before interest and taxes. This ratio helps to find out Operating Profit earned in comparison to revenue earned from operations.

Formula;

$$\text{Operating profit ratio} = \frac{\text{Operating profit X 100}}{\text{Net Sales}}$$

Operating profit = Gross profit - Operating Expenses

OR

Operating profit = Net sales - Operating cost

OR

Operating profit = Net sales - (Cost of goods sold + Administrative and office expenses + Selling and distribution exp.)

OR

(Net profit + Non-operating expenses) - (Non-operating incomes)

TABLE 7.7

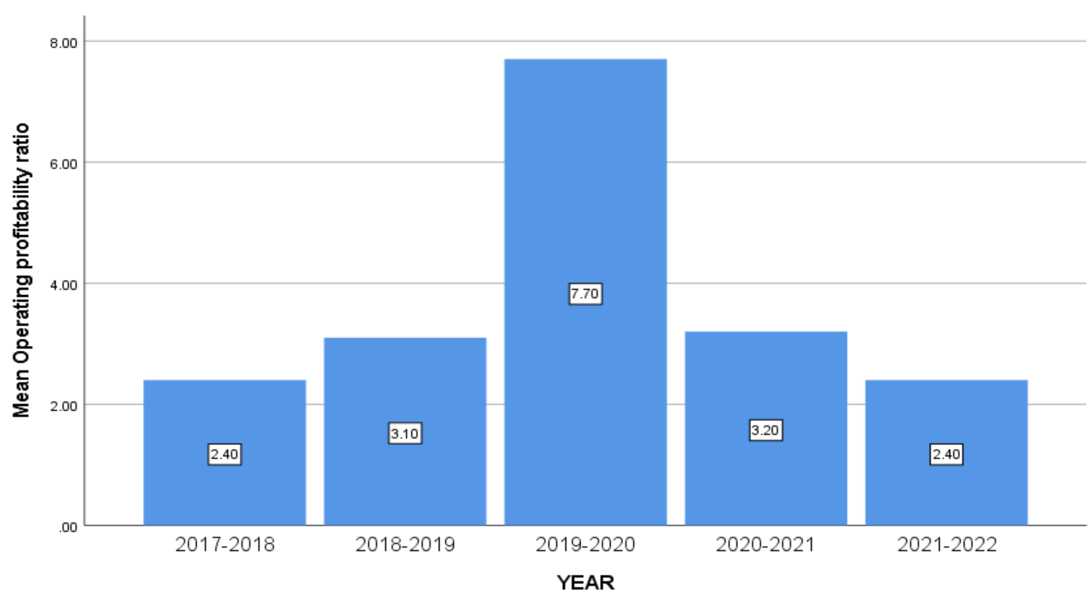
TABLE SHOWING OPERATING PROFIT RATIO

YEAR	**OPERATING PROFIT**	**NET SALES**	**OPERATING PROFIT RATIO**
2017-2018	3549509	147896214	2.4
2018-2019	4576724	147636289	3.1
2019-2020	14305939	185791426	7.7
2020-2021	4732678	147896214	3.2
2021-2022	4405181	183549219	2.4

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.7

FIGURE SHOWING OPERATING PROFIT RATIO



INTERPRETATION

The operating margin ratio, also known as the operating profit margin, is a profitability ratio that measures what percentage of total revenues is made up by operating income. In other words, the operating margin ratio demonstrates how much revenues are left over after all the variable or operating costs have been paid. Conversely, this ratio shows what proportion of revenues is available to cover non-operating costs like interest expense. This ratio is important to both creditors and investors because it helps show how strong and profitable a company's operations are. For instance, a company that receives 30 percent of its revenue from its operations means that it is running its operations smoothly and this income supports the company. It also means this company depends on the income from operations. If operations start to decline, the company will have to find a new way to generate income. Operating Profit Margin Ratio of STG fluctuated over the time, it decreased in the year 2017 to 2022 and reached 0% which is the lowest value and unfavorable for company, which indicates that more proportion of revenue is converted to operating expenses then it increases by 0.72% and profitability margin high in 2019-2020. And again decreased to 2.40% in 2022 Overall operating profit margin ratio is not a good position.

4. EARNINGS PER SHARE RATIO (EPS RATIO)

The earnings per share ratio, or simply earnings per share, or EPS, is a corporation's net income after tax that is available to its common stockholders divided by the weighted average number of shares of common stock that are outstanding during the period of the earnings.Net income available for common stock is the corporation's net income after income taxes minus the required dividend for the corporation's preferred stock, if it has preferred stock outstanding.

Formula:

$$\textbf{Earnings per Share Ratio} = \frac{\textbf{Net profit available for equity shareholder}}{\textbf{Number of equity shares}}$$

TABLE 7.8

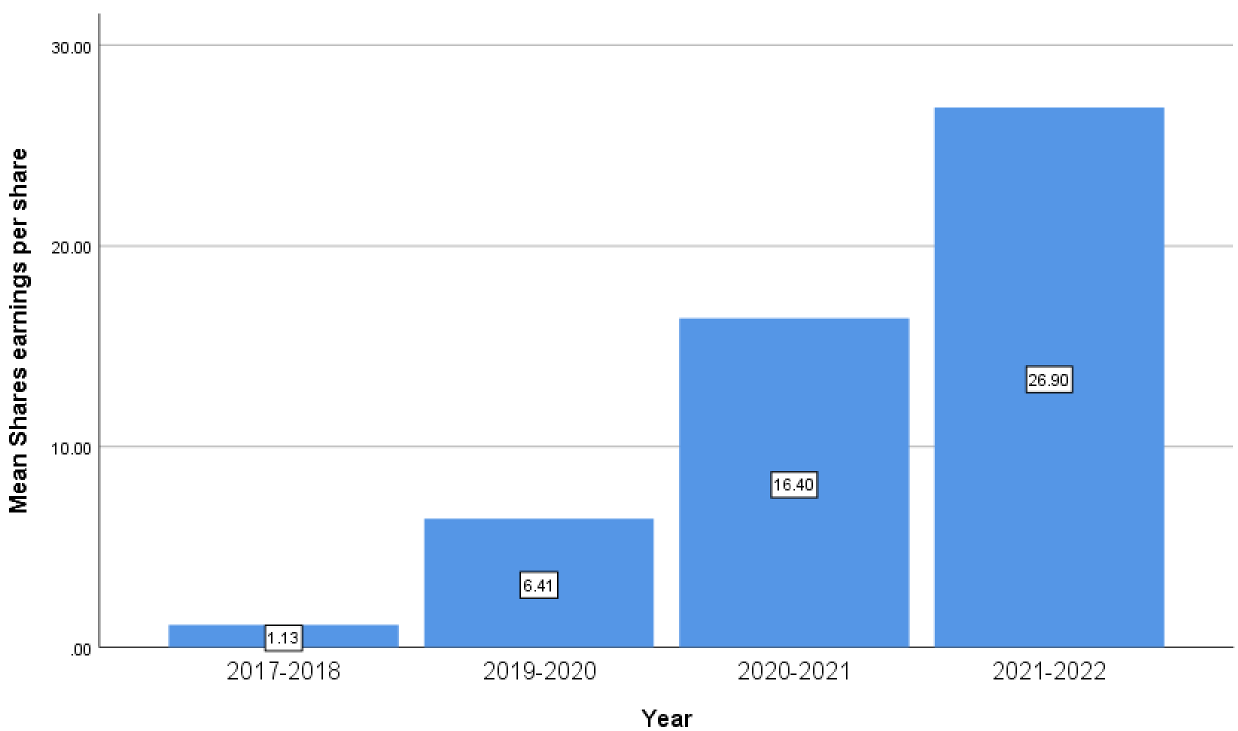
TABLE SHOWING EARNINGS PER SHARE

YEAR	NET PROFIT AFTER TAX	NUMBER OF EQUITY	SHARES EARNINGS PER SHARE
2017-2018	795948	2450000	0.32
2018-2019	4764871	2450000	1.94
2019-2020	15710502	2450000	6.41
2020-2021	40333000	2450000	16.40
2021-2022	66084000	2450000	26.90

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.8

FIGURE SHOWING EARNINGS PER SHARE



INTERPRETATION

Earnings per share is the same as any profitability or market prospect ratio. Higher earnings per share is always better than a lower ratio because this means the company is more profitable and the company has more profits to distribute to its shareholders. Although many investors don't pay much attention to the EPS, a higher earnings per share ratio often makes the stock price of a company rise. Since so many things can manipulate this ratio, investors tend to look at it but don't let it influence their decisions drastically. The EPS of STG LTD faces a sharp incline in the year 2017(1.13) to 2022(26.90). This incline trend can signal a good sign for investors that the company, which can lead to an incline in the stock price. In the year 2017-2018 EPS is 1.13 and 2021-2022 it increased to 26.90 which is 25% more than the 2017-2018.

5. RETURN ON ASSETS

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. Return on assets is displayed as a percentage. Since company assets' sole purpose is to generate revenues and produce profits, this ratio helps both management and investors see how well the company can convert its investments in assets into profits. You can look at ROA as a return on investment for the company since capital assets are often the biggest investment for most companies.

- ❖ ROA is best used when comparing similar companies or comparing a company to its previous performance.
- ❖ ROA takes into account a company's debt, unlike other metrics, such as Return on Equity (ROE).

Formula: **Return on Assets =** $\dfrac{\textbf{Net profit after tax X 100}}{\textbf{Average Total Assets}}$

TABLE 7.9

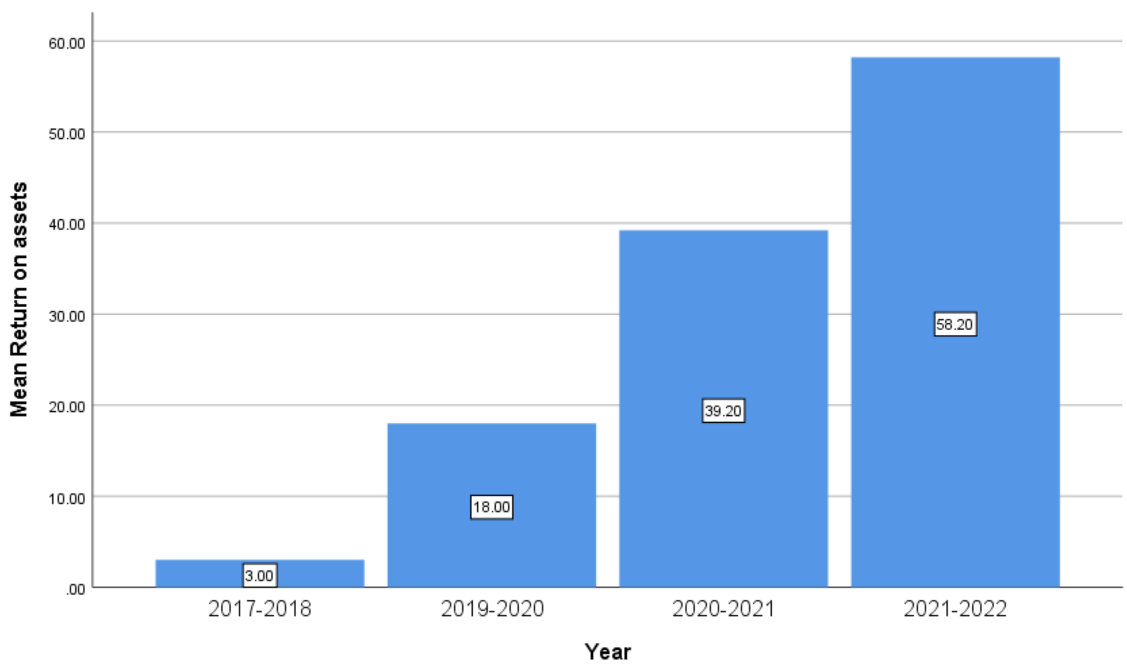
TABLE SHOWING RETURN ON ASSETS

YEAR	NET PROFIT AFTER TAX	AVERAGE TOTAL ASSETS	RETURN ON ASSETS
2017-2018	795948	98540435	.80
2018-2019	4764871	91419361	5.21
2019-2020	15710502	87252935	18
2020-2021	40333000	102710000	39.2
2021-2022	66084000	113420000	58.2

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.9

FIGURE SHOWING RETURN ON ASSETS



INTERPRETATION

It emerged that, over the span of five years, the return on asset of STG increased from 3 in 2018 to 18 in 2019 and in the year 2020 ROA drastically inclined and went to 39.20% . And in the year 2022 return on assets turns to 58.20. It indicates, net income produced by total assets is increasing year by year. Hence, STG is an efficient company to manage its assets to generate profits.

6. RETURN ON EQUITY

The return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholders' investments in the company. In other words, the return on equity ratio shows how much profit each dollar of common stockholders' equity generates. So a return on 1 means that every dollar of common stockholders' equity generates 1 dollar of net income. This is an important measurement for potential investors because they want to see how efficiently a company will use their money to generate net income. Return on equity measures how efficiently a firm can use the money from shareholders to generate profits and grow the company. Unlike other return on investment ratios, ROE is a profitability ratio from the investor's point of view—not the company.

Formula: $$\text{Return on equity} = \frac{\text{Net profit after tax X 100}}{\text{Shareholders' Equity}}$$

TABLE 7.10

TABLE SHOWING RETURN ON EQUITY

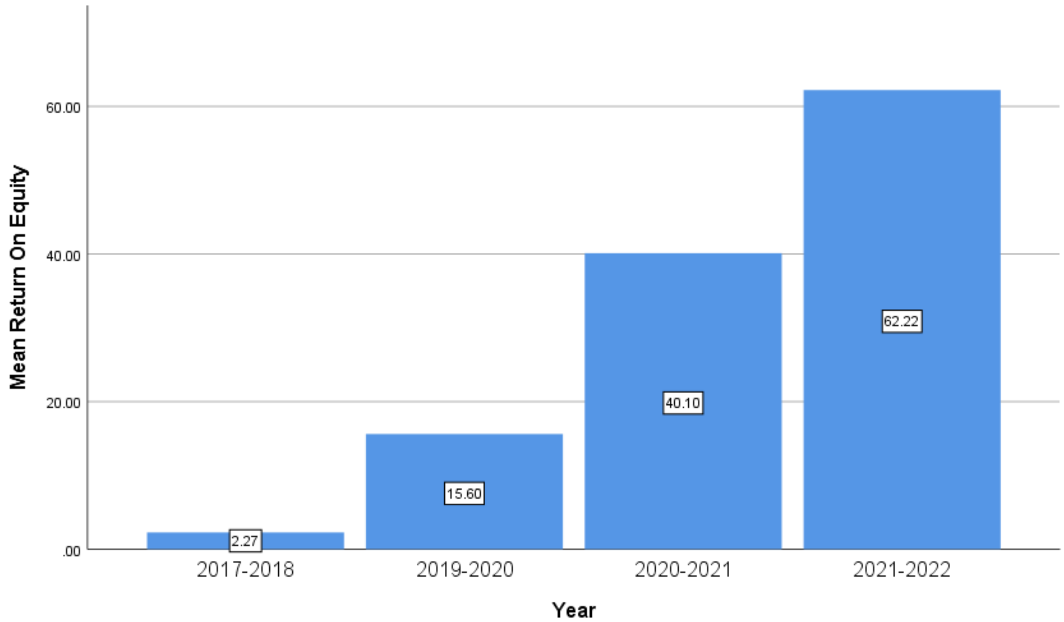
YEAR	NET PROFIT AFTER TAX	SHAREHOLDERS EQUITY	RETURN ON EQUITY
2017-2018	795948	144776207	0.54
2018-2019	4764871	119297695	3.99
2019-2020	15710502	100394056	15.60
2020-2021	40333000	100394000	40.10

2021-2022	66084000	106123000	62.22

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.10

FIGURE SHOWING RETURN ON EQUITY



INTERPRETATION

There is an upward trend of Return on Equity ratio. It dramatically increased from 2018 ROE is 2.27%. And ROE has drastically increased during the years . In 2021 ROE is 40.10 and 2022 is 62.22. It indicates the ability of STG to generate profits from its shareholders' investment over the time period, which is good for the company.

7. RETURN ON INVESTMENT

Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost.

Formula: Return on Investment = $\dfrac{\textbf{Profit before Interest and Tax X 100}}{\textbf{Total Assets}}$

TABLE 7.11

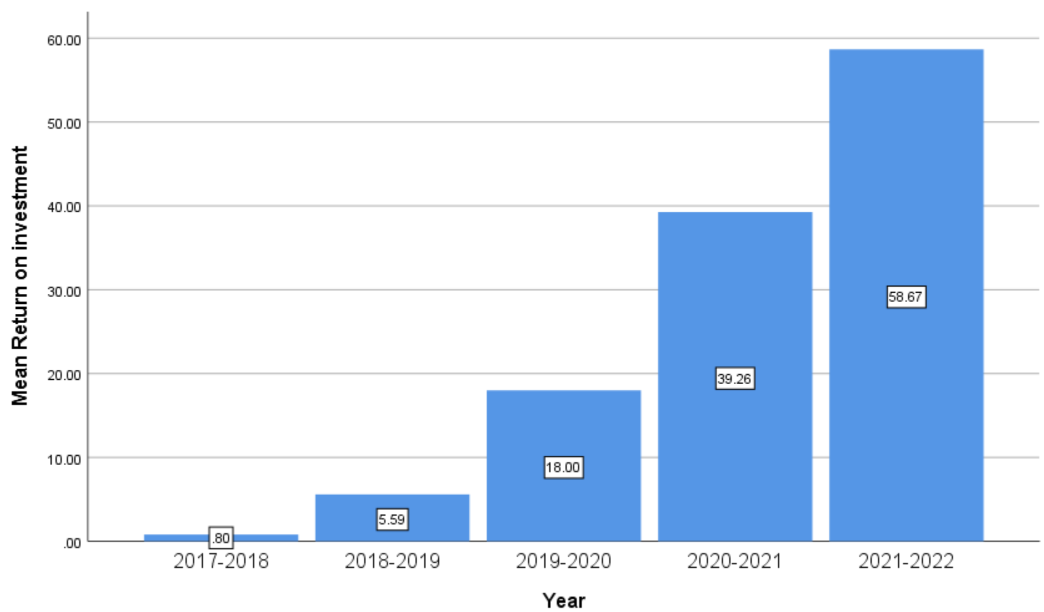
TABLE SHOWING RETURN ON INVESTMENT

YEAR	PROFIT BEFORE INTEREST AND TAX	CAPITAL EMPLOYED	RETURN ON INVESTMENT
2017-2018	795948	98540435	.80
2018-2019	5112715	91419361	5.59
2019-2020	15710502	87252935	18
2020-2021	40333000	102710000	39.26
2021-2022	66549000	113420000	58.67

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.11

FIGURE SHOWING RETURN ON INVESTMENT



INTERPRETATION

Positive ROI is considered a good return. This means that the total cost of the investment was recouped in addition to some profits left over. A negative return on investment means that the revenues weren't even enough to cover the total costs.

That being said, higher return rates are always better than lower return rates. There is an upward trend of Return on investment for STG. It dramatically increased from 2018 to 2022 and reached 58.67%. It indicates ability of STG to generate return from its investment

ACTIVITY RATIOS

Activity ratios help in evaluating a business's operating efficiency by analyzing fixed assets, inventories, and accounts receivables. It not just expresses a business's financial health but also indicates the utilization of the balance sheet components.

- ❖ Activity Ratios do not give the desired output when comparing businesses across different industries.
- ❖ The more common term used for activity ratios is efficiency ratios.
- ❖ Activity ratio formulas also help analysts to analyze the business's current or short term performance.
- ❖ An improvement in the ratios depicts improved profitability.

Following are some of the activity ratios:

1. **Working Capital Turnover Ratio**
   Working Capital Turnover Ratio is a ratio that measures how efficiently a company is using its working capital to support a given level of sales.
2. **Total Asset Turnover Ratio**
   The total asset turnover ratio is a general efficiency ratio that measures how efficiently a company uses all of its assets.
3. **Fixed Asset Turnover Ratio**
   Fixed-asset turnover is the ratio of sales (on the profit and loss account) to the value of fixed assets (on the balance sheet).
4. **Capital Employed Turnover Ratio**
   The Capital Employed Turnover Ratio shows how efficiently the sales are generated from the capital employed by the firm.
5. **Current Asset Turnover Ratio**
   Current Assets Turnover ratio, shows the productivity of the company's current assets.
6. **Cash Turnover Ratio**

The cash turnover ratio (CTR) is an efficiency ratio that shows the number of times cash is turned over in an accounting period.

1. WORKING CAPITAL TURNOVER RATIO

Working capital turnover is a ratio that measures how efficiently a company is using its working capital to support a given level of sales. Also referred to as net sales to working capital, work capital turnover shows the relationship between the funds used to finance a company's operations and the revenues a company generates as a result.

$$\textbf{Formula: Working Capital Turnover Ratio} = \frac{\textbf{Net Sales}}{\textbf{Working Capital}}$$

TABLE 7.12

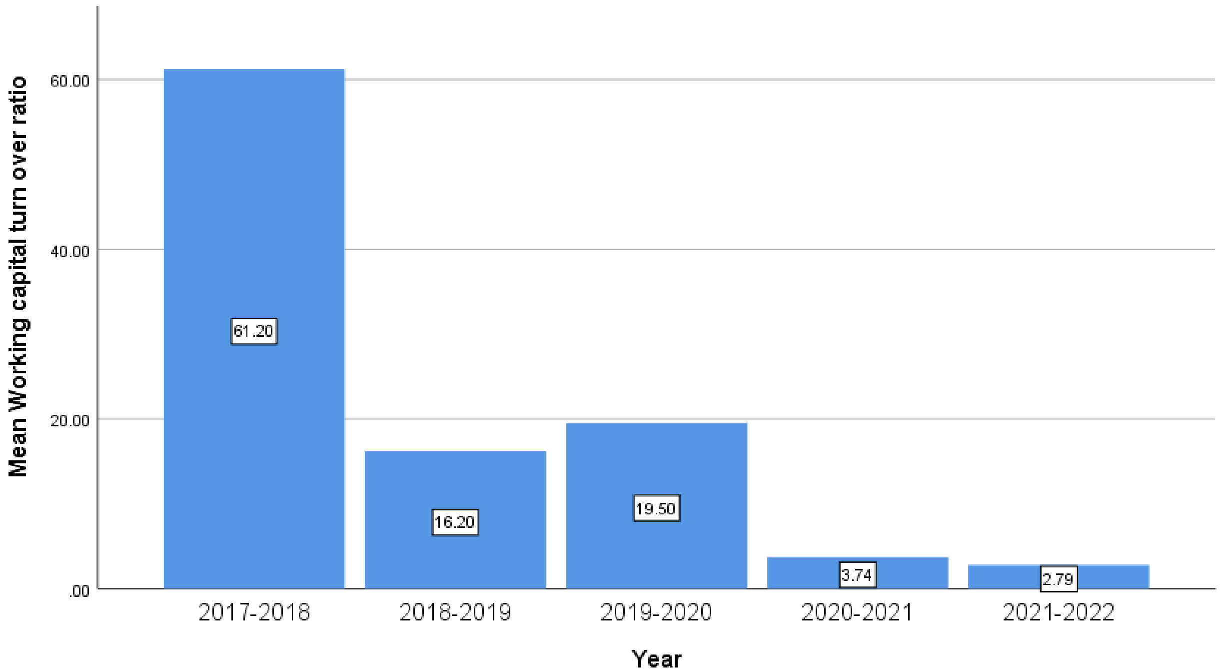
TABLE SHOWING WORKING CAPITAL TURNOVER RATIO

YEAR	NET SALES	NET WORKING CAPITAL	WORKING CAPITAL TURNOVER RATIO
2017-2018	147896214	2415502	61.2
2018-2019	147636289	9176351	16.2
2019-2020	185791426	9488333	19.5
2020-2021	147896214	39491000	3.74
2021-2022	183549219	65652000	2.79

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.12

FIGURE SHOWING WORKING CAPITAL TURNOVER RATIO



INTERPRETATION

A high turnover ratio shows that management is being very efficient in using a company's short-term assets and liabilities for supporting sales In contrast, a low ratio may indicate that a business is investing in too many accounts receivable and inventory to support its sales, which could lead to an excessive amount of bad debts or obsolete inventory. In 2018, working capital turnover ratio is 61.20. After that, it declined and reached 16.20 in 2019 which indicates underutilization of working capital. But during the years 2021 and 2022 the ratios were 3.75 and 2.79 which indicates that STG is not efficient to use its working capital and quick turnover of current assets.

2. TOTAL ASSET TURNOVER RATIO

The asset turnover ratio is an efficiency ratio that measures a company's ability to generate revenue from its assets by comparing net sales with average total assets. The total asset turnover ratio calculates net revenue as a percentage of assets to show how many sales are generated from each dollar of company assets.

$$\text{Formula: Total Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

TABLE 7.13

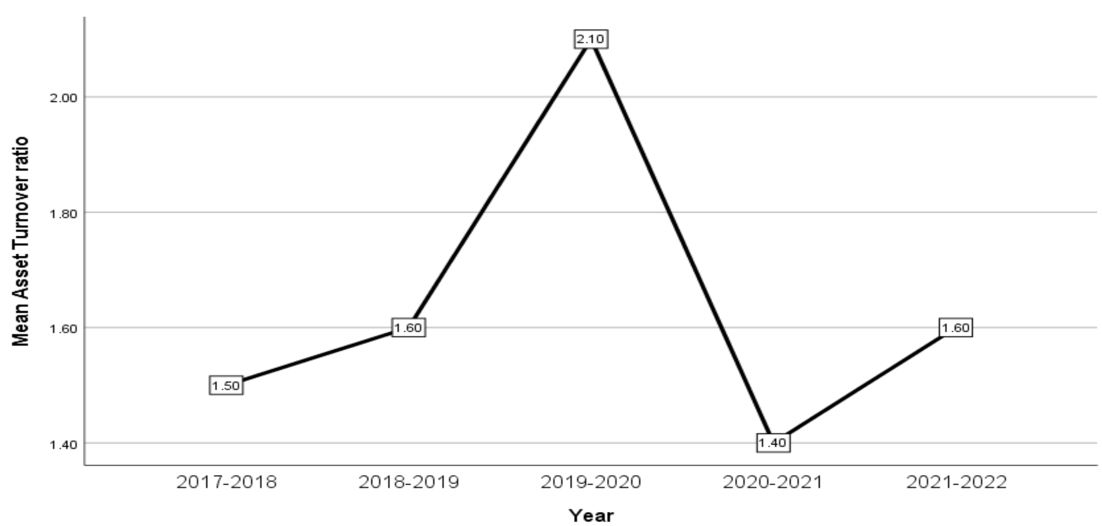
TABLE SHOWING TOTAL ASSET TURNOVER RATIO

YEAR	NET SALES	AVERAGE TOTAL ASSETS	RATIO
2017-2018	147896214	98540435	1.5
2018-2019	147636289	91419361	1.6
2019-2020	185791426	87252935	2.1
2020-2021	147896214	102710000	1.4
2021-2022	183549219	113420000	1.6

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.13

FIGURE SHOWING TOTAL ASSET TURNOVER RATIO



INTERPRETATION

This ratio measures how efficiently a firm uses its assets to generate sales, so a higher ratio is always more favorable. Higher turnover ratios mean the company is using its assets more efficiently. Lower ratios mean that the company isn't using its assets efficiently and most likely have management or production problems. In 2018, total asset turnover ratio is 1.50 which means that the revenue of a company equals the 1.5 times of average total assets for the year. After that, it increased and reached 1.60 in 2019 which means, STG had increased ability to generate revenue from its assets during that time. In 2020 it reached to 2.10 and the next year it fell down to 1.40.This ratio also indicates, it is efficient to use its assets to generate revenue. However, it recovered and reached 1.60 in 2022.

3. FIXED ASSET TURNOVER RATIO

The fixed asset turnover ratio is an efficiency ratio that measures a company's return on their investment in property, plant, and equipment by comparing net sales with fixed assets. In other words, it calculates how efficiently a company is producing sales with its machines and equipment. Investors and creditors use this formula to understand how well the company is utilizing their equipment to generate revenue. This concept is important to investors because they want to be able to measure an approximate return on their investment. This ratio is of particular importance in manufacturing concerns where the investment in fixed assets is quite high. Compared with the previous year, if there is an increase in this ratio, it will indicate that there is better utilization of fixed assets. If there is a fall in this ratio, it will show that fixed assets have not been used as efficiently, as they had been used in the previous year

Formula: $$\text{Fixed Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Net Fixed Assets}}$$

TABLE 7.14

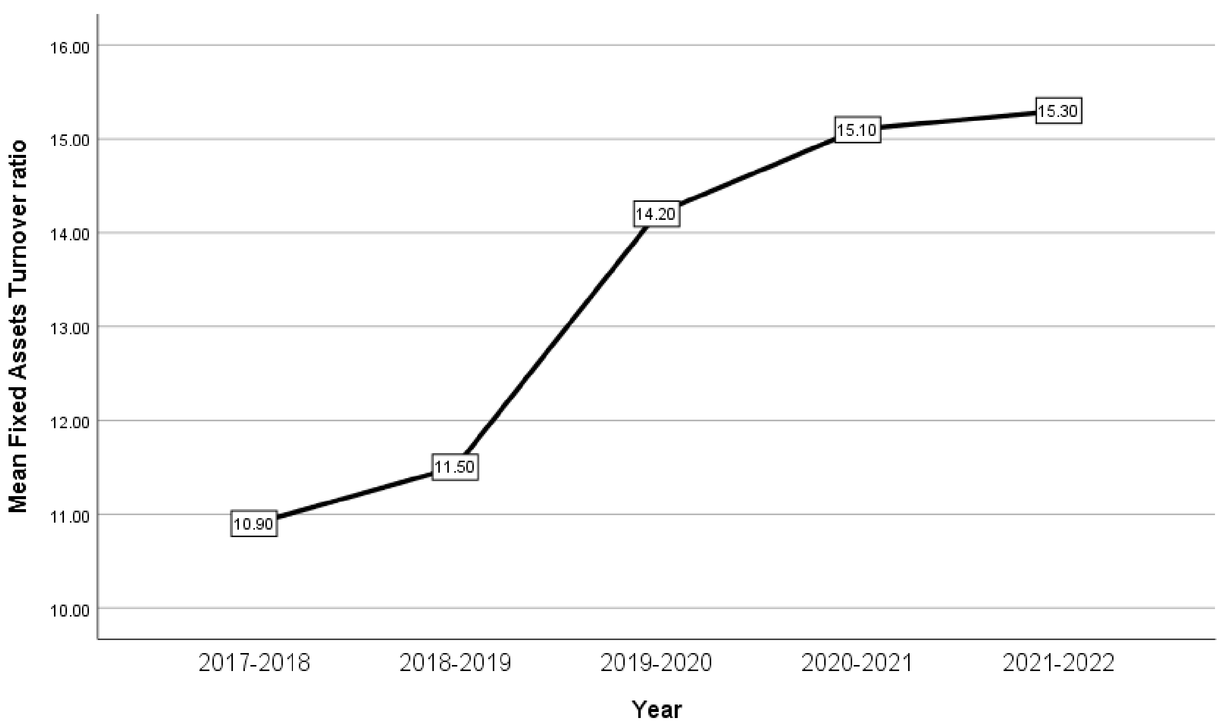
TABLE SHOWING FIXED ASSET TURNOVER RATIO

YEAR	NET SALES	AVERAGE NET FIXED ASSETS	FIXEDASSET TURNOVER RATIO
2017-2018	147896214	13568460	10.9
2018-2019	147636289	12837938	11.5
2019-2020	185791426	13083903	14.2
2020-2021	147896214	9794451	15.1
2021-2022	183549219	11996681	15.3

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.14

FIGURE SHOWING FIXED ASSET TURNOVER RATIO



INTERPRETATION

A high turnover indicates that assets are being utilized efficiently and large amounts of revenue are generated using a small amount of assets. It could also mean that the company has sold off its equipment and started to outsource its operations. Outsourcing would maintain the same amount of revenue and decrease the investment in equipment at the same time. A low turnover, on the other hand, indicates that the company isn't using its assets to their fullest extent.

In 2018, fixed asset turnover ratio is 10.90. After that, it increased and reached at 11.50 in 2019 which means, STG had a higher ability to generate revenue from its assets during that time. But in the year 2022 it inclined and reached 15.30 which was the highest among all the five years.So STG is effectively utilizing their fixed assets.

4. CAPITAL EMPLOYED TURNOVER RATIO

The Capital Employed Turnover Ratio shows how efficiently the sales are generated from the capital employed by the firm. This ratio helps the investors or the creditors to determine the ability of a firm to generate revenues from the capital employed and act as a key decision factor for lending more money to the asking firm.

In practice, the investors use average capital employed to determine the profitability of the firm from the new investments made in the capital. The average capital employed is majorly used in the industries which are capital sensitive. In this case, the average of opening and closing capital for the specific period is taken into the consideration while in the capital employed only the capital at the end is included in the calculation.

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

Where, Capital Employed = Fixed Assets +Working Capital

OR

= Equity + Non-Current Liabilities

OR = Net worth + Long-term Borrowings

Where, Net Worth = Share Capital + All Reserves

TABLE 7.15

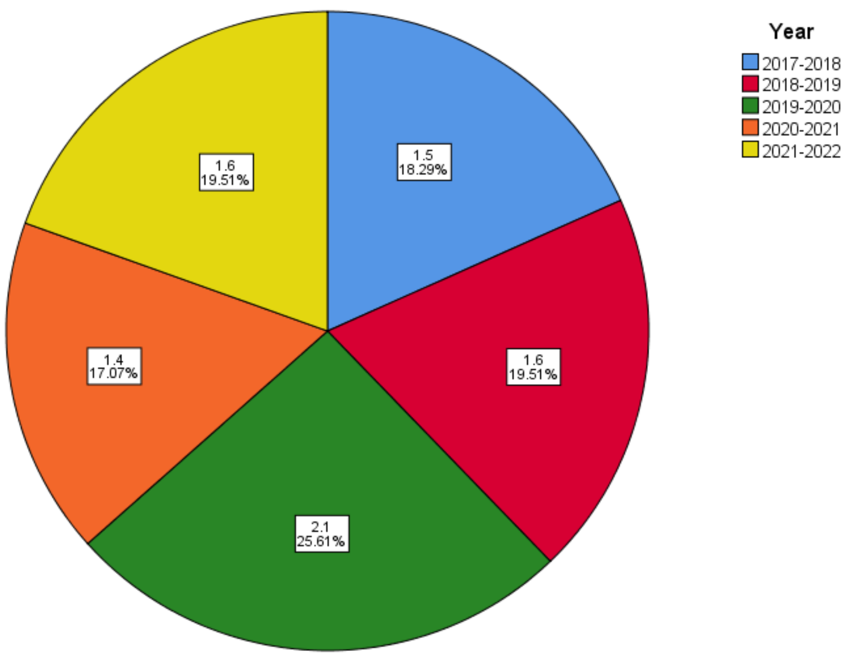
TABLE SHOWING CAPITAL EMPLOYED TURNOVER RATIO

YEAR	NET SALES	CAPITAL EMPLOYED	CAPITAL EMPLOYED TURNOVER RATIO
2017-2018	147896214	98540435	1.5
2018-2019	147636289	91419361	1.6
2019-2020	185791426	87252935	2.1
2020-2021	147896214	102710000	1.4
2021-2022	183549219	113420000	1.6

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.15

FIGURE SHOWING CAPITAL EMPLOYED TURNOVER RATIO



INTERPRETATION

Higher the ratio better is the utilization of capital employed and shows the ability of the firm to generate maximum profits with the minimum amount of capital employed. In 2018 and 2019, capital employed turnover ratio is 1.50 and 1.60. In 2020 it went up to 2.10 After that, it declined and reached 1.40 in 2021 and in the year 2022 went up 1.60, which indicates that STG has a lower ability to generate profits from its capital employed.

5. CURRENT ASSET TURNOVER RATIO

Current Asset Turnover - an activity ratio measuring a firm's ability of generating sales through its current assets (cash, inventory, accounts receivable, etc.). It can be calculated by dividing the firm's net sales by its average current assets, and it shows the number of turns made by the current assets of the enterprise.

Formula: Current Asset Turnover Ratio $= \dfrac{\textbf{Net Sales}}{\textbf{Average Current Assets}}$

TABLE 7.16

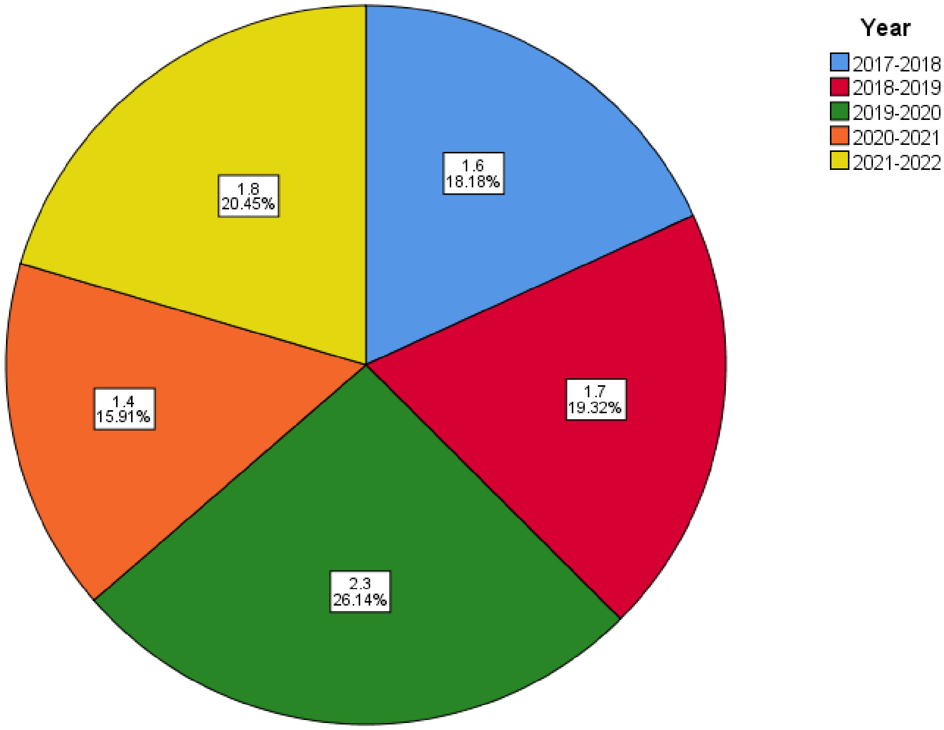
TABLE SHOWING CURRENT ASSET TURNOVER RATIO

YEAR	NET SALES	AVERAGE CURRENT ASSET	RATIO
2017-2018	147896214	91244933	1.6
2018-2019	147636289	85352560	1.7
2019-2020	185791426	82151367	2.3
2020-2021	147896214	102710000	1.4
2021-2022	183549219	101819000	1.8

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.16

FIGURE SHOWING CURRENT ASSET TURNOVER RATIO



INTERPRETATION

The values may vary between businesses and industries, and the normative value is absent. However, higher current asset turnover compared to competitors would indicate a high intensity of the current assets usage. The increasing trend of this ratio is a good sign because this means that the company is working on the consistent improvement of its policies in inventory, accounts receivable, cash and other current assets management. In fact, increasing current asset turnover leads to the decrease of the financial resources needed for the company's operations maintenance. This means that a bigger part of the financial resources can be used for current operations intensification or making investments. The decrease of the current assets turnover indicates the firm's increasing need of sources of finance. If the access to sources of finance is limited, this will cause the increase of the company's financial expenses.

In the year 2018 STG firm's current asset turnover ratio from 1.6 and the year 2019 it slightly increased to 1.7.And in 2020 it went upward 2.3 and decreased to 1.4 then 1.8 in the year of 2021 and 2022. In this pie chart we can clearly identify that 2020 had a 26.14% current asset turnover ratio in 5 years. This indicates a slight decline in the firm's ability to generate revenue through its current assets, such as cash, inventory, accounts receivable, etc. Negative is a decreasing trend of the current asset turnover over the analyzed period.

6. CASH TURNOVER RATIO

The cash turnover ratio is used to determine the proportion of cash required to generate sales. The ratio is typically compared to the same result for other businesses in the same industry to estimate the efficiency with which an organization uses its available cash to conduct operations and generate sales.

Formula: $$\text{Cash Turnover Ratio} = \frac{\text{Revenue}}{\text{Cash and Cash Equivalents}}$$

TABLE 7.17

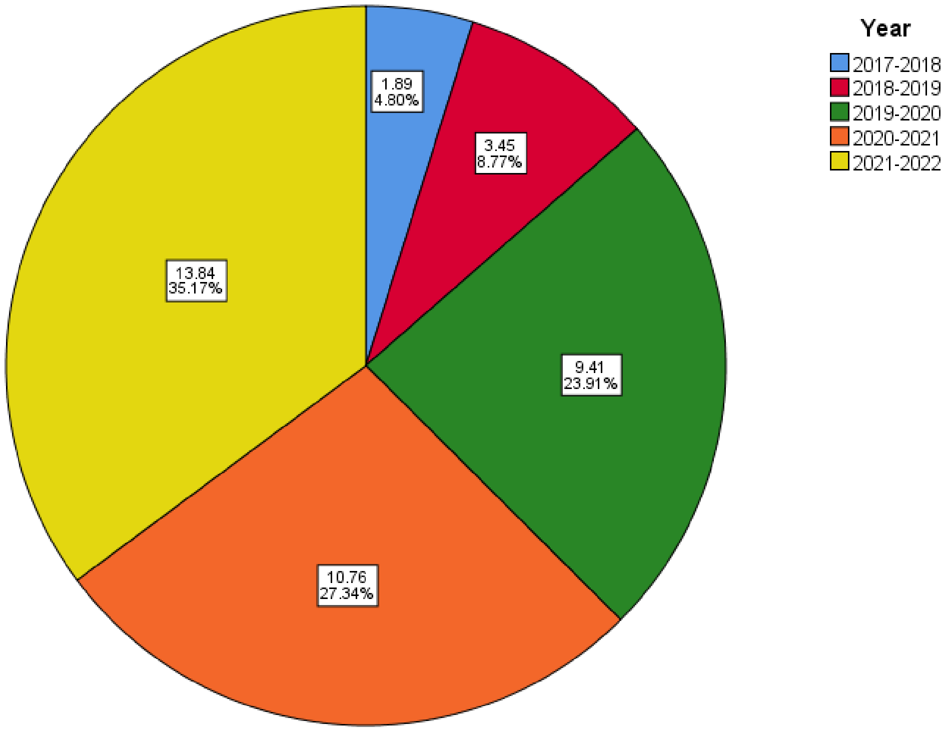
TABLE SHOWING CASH TURNOVER RATIO

YEAR	REVENUE	CASH AND CASH EQUIVALENTS	CASH TURNOVER RATIO
2017-2018	156228984	82326640	1.89
2018-2019	186744291	53977300	3.45
2019-2020	132595189	14079500	9.41
2020-2021	109850000	10204000	10.76
2021-2022	110608000	7990000	13.84

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.17

FIGURE SHOWING CASH TURNOVER RATIO



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. Additionally, the cash turnover ratio is often used by accountants for budgeting purposes.

A higher cash turnover ratio is desirable, as it indicates a greater frequency of cash replenishment through revenue. However, it is important to note that there is no one ideal cash turnover ratio number. As with other ratios, it should be compared to competitors and industry benchmarks.

The cash turnover ratio of STG LTD drastically increased in the 5 years of time (2017-2022).In 2018 cash turnover ratio is 1.89 after that 3.45 in 2019. And 2020 it went 9.41, 10.76 and 13.84 in the year of 2021 and 2022. We infer that around

35.17% are in 2022 from 5 years of time. STG had an ability to generate revenue from its cash during those times.

SOLVENCY RATIOS - TEST OF LONG TERM SOLVENCY

The long-term financial soundness of any business can be judged by its long-term creditors by testing its ability to pay interest charges regularly and its ability to repay the principal as per schedule. Thus long-term financial soundness (or solvency) of any business is examined by calculating ratios popularly, known as leverage of capital structure ratios. These ratios help us to repay long-term debt as per installments stipulated in the contract.

Following are the most important solvency ratios:

(1)Debt-Equity ratio:

This ratio is also known as debt to net worth ratio. The relationship between borrowed funds and internal owner's funds is measured by Debt-Equity ratio.

(2) Debt Service or Interest Coverage Ratio:

The ratio measures debts servicing capacity of a business so far as interest on long-term loans is concerned. The ratio is calculated with formula.

(3) Debts to Total Funds or Solvency Ratio:

Solvency is the term which is used to describe the financial position of any business which is capable of meeting outside obligations in full out of its own assets. So this ratio establishes a relationship between total liabilities and total assets.

(4) Reserves to Capital Ratio:

This ratio establishes a relationship between reserves and capital.

(5) Capital Gearing Ratio:

It is the ratio between the capitals plus reserves i.e. equity and fixed cost bearing securities. Fixed cost bearing securities include debentures, long-term mortgage loans etc.

(6) Proprietary Ratio:

Proprietary ratio (also known as Equity Ratio or Net worth to total assets or shareholder equity to total equity)

1. PROPRIETARY RATIO

This ratio shows the proportion of total assets of a company which are financed by proprietors' funds. The proprietary ratio is also known as equity ratio. It helps to determine the financial strength of a company & is useful for creditors to assess the ratio of shareholders' funds employed out of total assets of the company.This ratio should be 33% or more than that. In other words, the proportion of shareholders funds to total funds should be 33% or more. A higher proprietary ratio is generally treated as an indicator of sound financial position from a long-term point of view, because it means that the firm is less dependent on external sources of finance. If the ratio is low it indicates that long-term loans are less secured and they face the risk of losing their money.

$$\textbf{Formula: Proprietary Ratio} = \frac{\textbf{Shareholders Equity}}{\textbf{Total Assets}}$$

Shareholders Equity = Share Capital + Reserves and Surplus

Total Assets = Includes total assets as per the balance sheet

TABLE 7.18

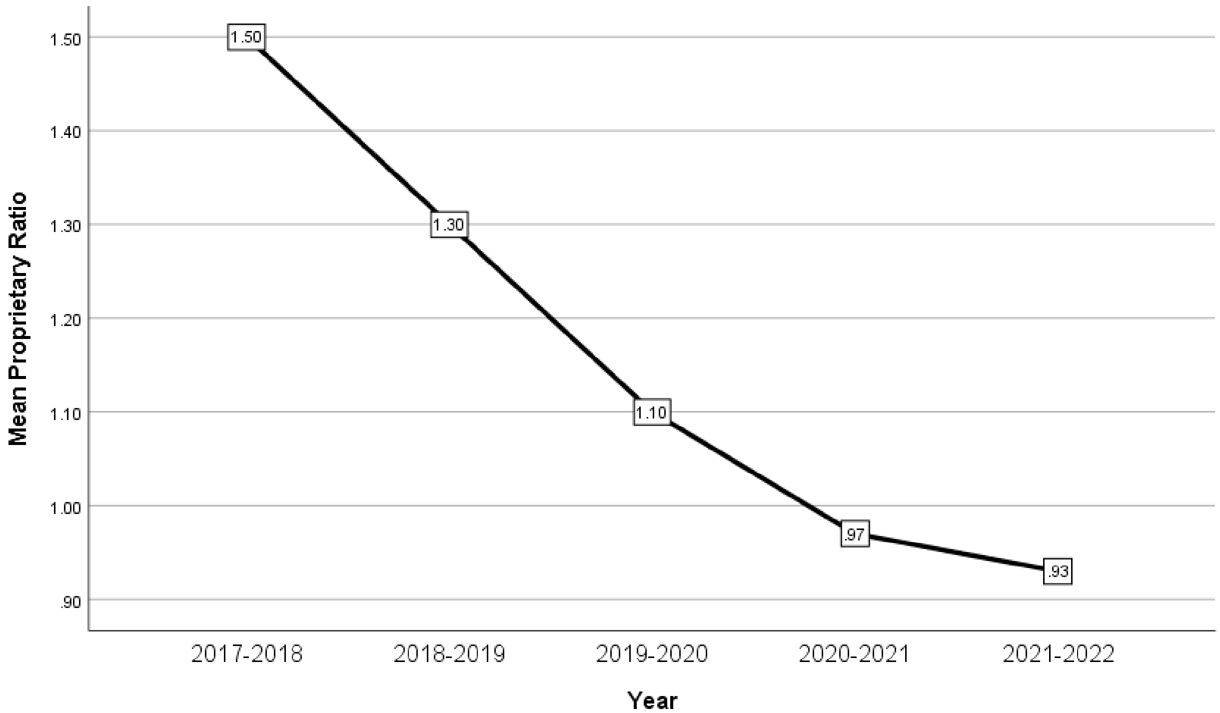
TABLE SHOWING PROPRIETARY RATIO

YEAR	SHAREHOLDERS EQUITY	TOTAL ASSETS	PROPRIETARY RATIO
2017-2018	144776207	98540435	1.5
2018-2019	119297695	91419361	1.3
2019-2020	100394056	87252935	1.1
2020-2021	100394000	102710000	.97
2021-2022	106123000	113420000	.93

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.18

FIGURE SHOWING PROPRIETARY RATIO



INTERPRETATION

The proprietary ratio shows the contribution of stockholders' in total capital of the company. A high proprietary ratio, therefore, indicates a strong financial position of the company and greater security for creditors. A low ratio indicates that the company is already heavily depending on debts for its operations. A large portion of debts in the total capital may reduce creditor's interest, increase interest expenses and also the risk of bankruptcy.

In the year 2018 the contribution of stockholders in total capital of the company is 1.50 which indicates a strong financial position of STG and provides a greater security for creditors. In the year 2019 the ratio decreased to 1.30 and in the year 2020 there was a sharp decline in the ratio and it reached to 0.97, and its downward and reached 0.93 in the year 2022. And Its downtrend in proprietary ratio.

2. DEBTS TO TOTAL FUNDS RATIO

This ratio establishes a relationship between total liabilities and total assets. The debt ratio is a financial ratio that measures the extent of a company's leverage. It can be interpreted as the proportion of a company's assets that are financed by debt. A ratio greater than 1 shows that a considerable portion of debt is funded by assets. In other words, the company has more liabilities than assets. A high ratio also indicates that a company may be putting itself at a risk of default on its loans if interest rates were to rise suddenly. A ratio below 1 translates to the fact that a greater portion of a company's assets is funded by equity

Formula: Debts to Total Funds Ratio = $\dfrac{\textbf{Total Liabilities}}{\textbf{Total Assets}}$

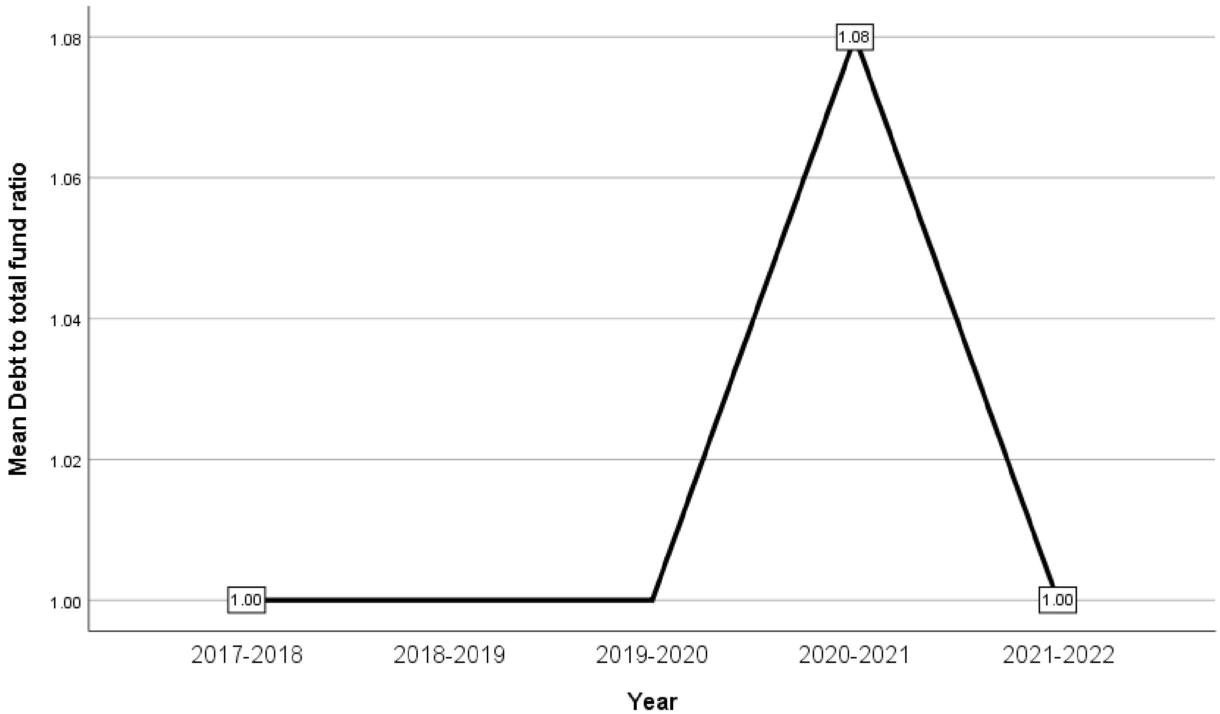
TABLE 7.19

TABLE SHOWING DEBT TO TOTAL FUNDS

YEAR	TOTAL LIABILITIES	TOTAL ASSETS	DEBT TO TOTAL FUNDS RATIO
2017-2018	98540435	98540435	1
2018-2019	91419361	91419361	1
2019-2020	87252935	87252935	1
2020-2021	111000000	102710000	1.08
2021-2022	113420000	113420000	1

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.19
FIGURE SHOWING DEBT TO TOTAL FUNDS RATIO



INTERPRETATION

Generally, debt to total funds ratio of 0.67:1 (or 67%) is considered satisfactory. In other words, the proportion of long term loans should not be more than 67% of total funds. A higher ratio indicates a burden of payment of large amounts of interest charges periodically and the repayment of large amounts of loans at maturity. Payment of interest may become difficult if profit is reduced. Hence, good concerns keep the debt to total funds ratio below 67%. The lower ratio is better from the long-term solvency point of view.

The debt to total funds ratio of STG for the period 2018 to 2022 is greater than 0.67.STG is not maintained Debt to Total fund ratio. In the 5 years of time it's almost equal to 100% or 1:1. The ratio reached its peak in the year 2021 with a 108% this indicates that in this year the company had more burden of payment of large amounts compared to previous years. STG has not maintained its ratio below the standard limit which projects the not efficiency of the company.

3. FIXED ASSETS TO PROPRIETORS FUND RATIO

Fixed assets to proprietor's fund ratio establishes the relationship between fixed assets and shareholders funds. The ratio of fixed assets to net worth indicates the extent to which shareholder's funds are sunk into the fixed assets. Generally, the purchase of fixed assets should be financed by shareholder's equity including reserves, surpluses and retained earnings. If the ratio is less than 100%, it implies that owner's funds are more than fixed assets and a part of the working capital is provided by the shareholders. When the ratio is more than the 100%, it implies that owner's funds are not sufficient to finance the fixed assets and the firm has to depend upon outsiders to finance the fixed assets.

Formula: **Fixed assets to proprietors fund ratio =** $\dfrac{\textbf{Fixed Assets}}{\textbf{Proprietors Fund}}$

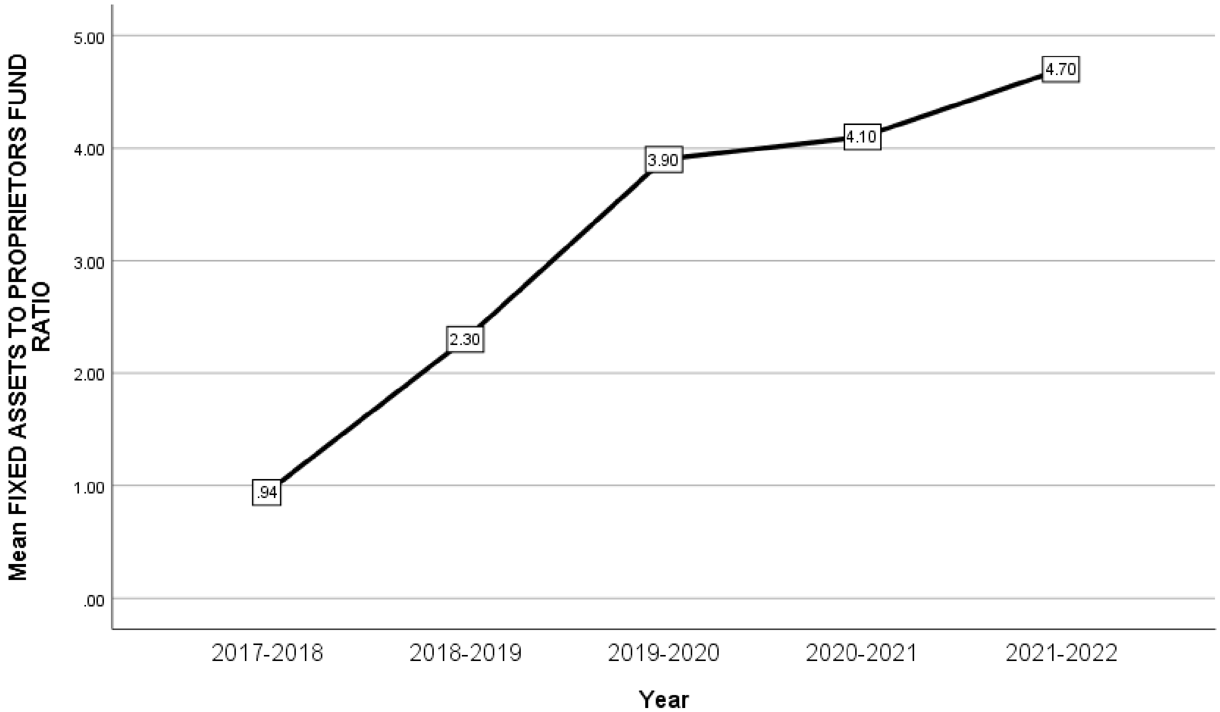
TABLE 7.20

TABLE SHOWING FIXED ASSETS TO PROPRIETORS FUND

YEAR	FIXED ASSETS	PROPRIETORS FUND	FIXED ASSETS TO PROPRIETORS FUND RATIO
2017-2018	13568460	14434531	.94
2018-2019	12837938	5581712	2.3
2019-2020	13083903	3354846	3.9
2020-2021	9794451	2388890	4.1
2021-2022	11996681	2552485	4.7

SOURCE: ANNUAL REPORTS 2017 – 2022

FIGURE 7.20
FIGURE SHOWING FIXED ASSETS TO PROPRIETORS FUND



INTERPRETATION

The fixed assets to proprietors fund ratio of STG is fixed assets to proprietors fund ratio in the year 2018 is 0.94 then 2.30 in 2019. In 2020 fixed assets to proprietors fund ratio is 3.90 and it went 4.10and 4.70 in 2021 and 2022. In the 5 years time ratio is slowly increasing and its not maintaining ratio remains below 100% and at the same level it would mean that proprietor’s funds are not more than fixed assets and a part of working capital is provided by the proprietors.Its negative impact to the company.

CORRELATION

In statistics, correlation or dependence is any statistical relationship, whether causal or not, between two random variables or bivariate data. In the broadest sense correlation is any statistical association, though it commonly refers to the degree to which a pair of variables are linearly related. Correlations are useful because they can indicate a predictive relationship that can be exploited in practice.

For example, an electrical utility may produce less power on a mild day based on the correlation between electricity demand and weather. In this example, there is a causal relationship, because extreme weather causes people to use more electricity for heating or cooling. However, in general, the presence of a correlation is not sufficient to infer the presence of a causal relationship (i.e., correlation does not imply causation). Formally, random variables are dependent if they do not satisfy a mathematical property of probabilistic independence. In informal parlance, correlation is synonymous with dependence. However, when used in a technical sense,correlation refers to any of several specific types of mathematical operations between the tested variables and their respective expected values.

Essentially, correlation is the measure of how two or more variables are related to one another. There are several correlation coefficients, often denoted {\display style \rho }\rho or {\display style r}r, measuring the degree of correlation. The most common of these is the Pearson correlation coefficient, which is sensitive only to a linear relationship between two variables (which may be present even when one variable is a nonlinear function of the other).

Other correlation coefficients – such as Spearman's rank correlation – have been developed to be more robust than Pearson's, that is, more sensitive to nonlinear relationships. Mutual information can also be applied to measure dependence between two variables.

TABLE 7.21

TABLE SHOWING RETURN ON ASSET RATIO AND CURRENT ASSET TURNOVER RATIO

YEAR	RETURN ON ASSETS	CURRENT ASSET TURNOVER RATIO
2017-2018	.80	1.6
2018-2019	5.21	1.7
2019-2020	18	2.3

2020-2021	39.2	1.4
2021-2022	58.2	1.8

FIGURE 7.21

FIGURE SHOWING CORRELATIONS BETWEEN RETURN ON ASSETS AND CURRENT ASSET TURNOVER RATIO

Descriptive Statistics

	Mean	Std. Deviation	N
ROA	24.2820	24.12253	5
Current Asset Turnover Ratio	1.7600	.33615	5

Correlations

		ROA	Current Asset Turnover Ratio
ROA	Pearson Correlation	1	-.077
	Sig. (2-tailed)		.902
	N	5	5
Current Asset Turnover Ratio	Pearson Correlation	-.077	1
	Sig. (2-tailed)	.902	
	N	5	5

Hypotheses;

ho- There is no relationship between on return on assets and current assets turnover ratio.

h1-There is a relationship between on return on assets and current assets turnover ratio.

INTERPRETATION

The objective of Correlation is to find out the relation between 2 variables return on asset and current asset turnover ratio. This problem is concerned with finding out the relationship between the variable's .

On analyzing the relationship between the variables, it is evident that there is a relationship between return on asset and current asset turnover ratio as the

Pearson's correlation value is -0.077 which is within the range of -1 to +1. It indicates that there is a small negative relationship between two variables.
This is also justified by comparing the significant two tailed values of 0.902 at 90% confidence level and at 10% significance level.
On comparing mean and std deviation 24.2 and 1.7 it shows the high deviation.
Since the calculated value,
-0.77<0.10
Accept h1
Reject ho
There is a relationship between on return on assets and current assets turnover ratio.

ONE SAMPLE T-TEST

The one sample t-test is a statistical procedure used to determine whether a sample of observations could have been generated by a process with a specific mean. Suppose you are interested in determining whether an assembly line produces switches that weigh five pounds. To test this hypothesis, you could collect a sample of switches from the assembly line, measure their weights, and compare the sample with a value of five using a one-sample t-test.

TABLE 7.22

TABLE SHOWING EPS

YEAR	EARNINGS PER SHARE
2017-2018	0.32
2018-2019	1.94
2019-2020	6.41
2020-2021	16.40
2021-2022	26.90

Hypotheses;
h0-There is no variation among EPS of STG

h1- There is a variation among EPS of STG

FIGURE 7.22

FIGURE SHOWING ONE SAMPLE T-TEST OF EPS

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
EPS	5	10.3940	11.15065	4.98672

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
EPS	2.084	4	.106	10.39400	-3.4514	24.2394

INTERPRETATION

The one-sample Test is to find variation among the data pertaining to single variables

In this analysis earning per share of 5 years are taken, In one sample statistics mean of earning per share is 10.39 and standard deviation is 11.15.The T-ratio is 2.084 with compared to 4 degree of freedom , at 95% confidence interval and 5% of significant level.Calculated value is greater than table value.

Hence we reject h0 and accept h1. There is a variation among EPS of STG.

In the company STG earning per share is highly volatile.

CHAPTER-8
FINDINGS

FINDINGS

This report work has identified how companies use financial statement analysis and interpretation in making effective management decisions. Overall organizational profitability and achievement of organizational objectives were discussed.

- ❖ STG Ltd. greatly loses its capacity to pay their current obligations by using its current assets, which indicates they are in a risky position in current ratio.
- ❖ The Quick Ratio of STG Ltd. varied from 1.08 to 0.54 with an average of 0.83. It was above the standard norm of 1:1 for the entire period is not followed. It confirms that the liquidity position of this STG Ltd. in terms of quick ratio wasn't its standard norms.
- ❖ The cash ratio is on a huge decrease trend which indicates the capacity of the company to not realize its current liabilities.
- ❖ The Net Working Capital of STG projects that the company may face liquidity problems in the future as the ratio is below the standard ratio 1.5 to 2. STG's net working capital is increasing from 0.02 to 0.58.

FIGURE 8.1

OVERALL LIQUIDITY RATIO

RATIO	FINDINGS	REMARKS
Current Ratio	There is decreasing trend	Negative
Quick Ratio	There is decreasing trend	Negative
Cash Ratio	There is decreasing trend	Negative
Net Working Capital Ratio	There is decreasing trend	Negative

The overall liquidity ratio of STG Ltd is on a downward trend as current ratio, quick ratio, cash ratio, working capital is decreasing, this affects the liquidity position of the company.

- ❖ Gross profit is slowly increasing during the period of 2017-2019. In 2020 it decreased from 6.50 to 2.70 due to ineffective management.
- ❖ Net Profit Ratio of STG Ltd for the five years shows that ratio was on a decreasing trend from 2017 to 2022 it shows the fluctuation in sales and decreasing Net Profit. The net profit was highest in the year 2020 (8.5).
- ❖ Operating profit ratio of STG Ltd fluctuated over the time, which is unfavorable for the company. In 2020 operating profit ratio is 7.70 and decreases to 2.40 in 2022. It's a negative for the company.
- ❖ STG has positive earnings per share which is always better than a lower ratio because this means the company is more profitable and the company has more profits to distribute to its shareholders compared to other companies.
- ❖ Return on assets ratio must be maintained at a higher level because it's beneficial for the company.
- ❖ Return on equity of STG is preserved at a higher level which indicates the efficient use of equity capital and reserves. If this ratio is to be found at a higher level means the company has to be invested in funds in a profitable manner. The return on equity of STG is highest in the year 2021-2022 (62.22).
- ❖ Return on Investment of STG is high except for 2018. And ROI has increased in 5 years.It is positive to the company.

FIGURE 8.2

OVERALL PROFITABILITY RATIO

RATIO	**FINDINGS**	**REMARKS**
Gross Profit Ratio	There is decreasing trend	Negative
Net Profit Ratio	There is decreasing trend	Negative
Operating Profit Ratio	There is decreasing trend	Negative
Earnings Per Share	There is increasing trend	Positive
Return On Assets	There is increasing trend	Positive
Return On Equity	There is increasing trend	Positive

Return On Investment	There is increasing trend	Positive

The overall profitability ratio of STG limited is on a decreasing trend for gross profit ratio, net profit ratio and operating profit ratio. And the increasing trend in others. STG is slowly increasing the efficiency of the company to generate profits.

- ❖ Working capital turnover ratio faced a drastic downfall from 2019 which is 61.2 to 2022 is 2.79. This indicates underutilization of working capital, which shows inefficient use of working capital and quick turnover of current assets like stock and debtors. Which is harmful to the company.
- ❖ The total asset turnover ratio of STG is not preferable for the company as it indicates the inefficient and not organized management of the current asset. Total asset turnover ratio increased in 2020 after 2020 it decreased and slowly increased. The lower ratio means current assets are to be easily converted into cash and a working capital cycle is to be smooth going.
- ❖ Fixed asset turnover ratio is on an increasing trend, this indicates the capacity of the company and enables the investors and creditors to understand how well the company is using its equipment to generate revenue.
- ❖ STG has an increasing trend of capital employed turnover ratio, which reflects that the ability of the company to generate profits from its capital employed is steady throughout the five years; the ratio is lowest in the year 2021.
- ❖ The current asset turnover ratio is almost steady in the last 5 years, it shows less variation. And slowly increasing by its current asset turnover ratio. Which shows that the current assets have been used efficiently by the company, In 2022 current asset turnover ratio is 1.8, indicating there is better utilization of current assets by the company.
- ❖ An increase in the cash turnover ratio suggests that the company is becoming efficient at refreshing its cash balance and this would be seen as a cause for concern for investors and creditors.

FIGURE 8.3

OVERALL ACTIVITY RATIO

RATIO	FINDINGS	REMARKS
Working capital turnover ratio	There is decreasing trend	Negative
Total asset turnover ratio	There is increasing trend	Positive
Fixed asset turnover ratio	There is increasing trend	Positive
Capital employed turnover ratio	There is increasing trend	Positive
Current asset turnover ratio	There is increasing trend	Positive
Cash turnover ratio	There is increasing trend	Positive

Overall activity ratio of the company is on an increasing trend which indicates the ability of the company to generate revenue.

- ❖ Proprietary Ratio of STG Limited from 2018 to 2022, indicates that the proprietary ratio ranges from 1.50 to 0.93.This shows that Net Worth of the company decreasing day by day.
- ❖ Debt to total funds ratio of STG limited is below the standard ratio is almost same in last 5 years, Only 2021 debt to total fund ratio is 1.08.There is not much and the company not followed the standard ratio (std ratio 67%/0.67)
- ❖ The fixed assets to proprietors fund ratio is not maintained below 100%, with much fluctuation throughout the five years. So the fixed assets to proprietary ratio does not follow the standard ratio.

FIGURE 8.4

OVERALL SOLVENCY RATIO

RATIO	FINDINGS	REMARKS
Proprietary ratio	There is decreasing trend	Negative
Debt to total funds ratio	There is decreasing trend	Negative
Fixed asset to proprietary ratio	There is decreasing trend	Negative

The overall solvency ratio of STG is on the negative side which indicates STG does not have a long term solvency.

SPSS ANALYSIS

- ❖ In Correlation, On comparing return on asset and current asset turnover ratio, the relation is negative relationship in the company. ie Return on asset increases current asset turnover ratio slowly decreases. It's not good for the company, because it should be directly proportionate. From 2018-2022 ROA is drastically increased but in case of current asset turnover ratio it's almost the same, there is not much variation. That's why the relationship between two variables gets negative.
- ❖ In One sample T-test variation of Earning per share is determined, there is a variation between the variables. Not maintaining an average motion in their earnings per share. So STG's financial position is not strong because of its volatility in their ratios.

CHAPTER-9
SUGGESTIONS

SUGGESTIONS

- The Company should maintain a proper plan, optimum utilization of resources and cash, and reduce unwanted expenses in manufacturing.
- The company must maintain their current asset current liability ratio in 2:1 standard norms. Then a better position of working capital will increase and the company can easily generate more revenue.
- The company only exports products to the parent company according to their requirement. And the company should establish their exporting to other countries and start retail sales in India.
- The company may reduce the creditor's position by repaying the loans in short-period for a better position in future.
- The company should minimize their current liabilities and to use long term loans rather than short term loans.
- The company should be more aware about proprietary funds and that fund must be used prudently. The company uses their working capital at maximum level and reduces the use of external funds.To strengthen the financial efficiency, long-term funds have to be used to finance core current assets and a part of temporary current assets. It is better if the company can reduce the oversized short-term loans and an advance eliminates the risk of arranging finance regularly.

CHAPTER-10
CONCLUSION

CONCLUSION

The study was conducted on ratio analysis at Switching Technologies Gunther Limited gives a view of analysis evaluation of liquidity position of the company. Based on the tools used, analysis and interpretation have been made giving way for useful and constructive suggestions. Thus the ratio analysis of the company is satisfactory. The company should enhance its performance for meeting challenges and exploiting opportunities in future. The project will guide the management to interpret its weakness and problems this will certainly help the management to take financial decisions.

However, more efforts need to be taken to improve the financial position for the growth of the company. The current ratio, quick ratio, gross profit and net working capital ratio may decrease in this respect. It is concluded that the overall financial performance was not satisfactory as per analysis. The company has to take appropriate steps to control the cost, profit in the future years. So properly planning should be made. The company should try to properly use their operating assets and should try to minimize their non-operating expenses and current liabilities.

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- Wikipedia
- Article published related to STG
- WWW.Google.com

SWITCHING TECHNOLOGIES GÜNTHER LIMITED

STG

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Amount in ₹)

	Note	Year ended 31st March 2019	Year ended 31st March 2018
Revenue from Operations	15	183,549,219	147,896,214
Other Income	16	3,195,072	8,332,770
Total Revenue		186,744,291	156,228,984
EXPENSES			
Cost of Materials Consumed	17	96,196,624	78,202,252
Changes in Inventories of Finished Goods and Stock-in-Process	18	(3,135,167)	(5,859,502)
Employee Benefit Expense	19	55,581,774	54,660,523
Depreciation and amortisation expenses	20	1,384,897	1,372,596
Other Expenses	21	31,603,447	28,649,063
Total Expenses		181,631,576	157,024,932
Profit before Exceptional Items and tax		5,112,715	(795,948)
Exceptional Items		-	-
Profit before tax		5,112,715	(795,948)
Tax Expenses		-	-
Current Tax		-	-
Deferred Tax		347,844	-
Profit /(Loss)for the period from continuing operations		4,764,871	(795,948)
Profit /(Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit /(Loss) from discontinuing operations (after tax)			
Net Profit /(Loss)for the period		4,764,871	(795,948)
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss		-	-
Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
Items that will be reclassified to Profit or Loss		-	-
Income Tax relating to items that will be reclassified to Profit or Loss		-	-
Total Comprehensive Income for the period		-	-
Earning per equity share (For continuing operation):			
1) Basic		1.94	(0.32)
2) Diluted		1.94	(0.32)
Earning per equity share:(For Discontinued operation):			
1) Basic		-	-
2) Diluted		-	-
Earning per equity share (For continuing & discontinued operation):			
1) Basic		1.94	(0.32)
2) Diluted		1.94	(0.32)
See accompanying notes to the financial statements	1 to 21		

CASH FLOW STATEMENT AS AT 31st MARCH 2019

(Amount in ₹)

CASH FLOW FROM OPERATING ACTIVITIES		April 1, 2018 to March 31, 2019		April 1, 2017 to March 31, 2018
Profit before taxation and exceptional item		5,112,715		(795,948)
Adjustments for:				
Depreciation	1,384,897		1,372,596	
Profit on sale of fixed assets	-		-	
Interest income	(250,922)		(290,283)	
		1,133,975		1,082,313
Operating profit before working capital changes		6,246,690		286,365
Adjustments for:				
(Increase)/Decrease in sundry debtors	8,737,641		(12,502,707)	
(Increase)/Decrease in inventories	(4,350,114)		(12,278,087)	
(Increase)/ Decrease in loans and advances	(1,330,089)		2,058,621	
Increase/(Decrease) in current liabilities and provisions	(12,233,789)		20,306,671	
		(9,176,351)		(2,415,502)
Cash generated from operations		(2,929,661)		(2,129,137)
Direct Taxes		-		-
A. NET CASH FROM OPERATING ACTIVITIES		(2,929,661)		(2,129,137)
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets (including capital work in progress and advances)		(156,195)		(484,978)
Proceeds from sale of fixed assets		-		-
Interest received		250,922		290,283
B. NET CASH USED IN INVESTING ACTIVITIES		94,727		(194,695)
CASH FLOW FROM FINANCING ACTIVITIES				
Share application money received		-		-
Repayment of Borrowings		-		-
C. CASH FLOW FROM/ (USED) FINANCING ACTIVITIES		-		-
NET CASH FLOWS DURING THE YEAR (A+B+C)		(2,834,934)		(2,323,832)
Cash and cash equivalents (opening balance)		8,232,664		10,556,496
Cash and cash equivalents (closing balance)		5,397,730		8,232,664

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital (Amount in ₹)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares	Amount	No of Shares	Amount
Balance at the beginning of the reporting period	2,450,000	24,500,000	2,450,000	24,500,000
Changes in equity share capital during the year		-		-
Balance at the end of the reporting period	2,450,000	24,500,000	2,450,000	24,500,000

BALANCE SHEET AS AT 31st MARCH, 2020

(Amount in ₹)

	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-Current Assets			
Property,Plant and equipment	3	5,092,162	6,012,345
Capital work-in-progress		-	-
Intangible Assets	3	9,406	54,456
Financial Assets		-	-
Non-current Investments		-	-
Long Term Loans and Advances		-	-
Others		-	-
Deferred Tax Assets (Net)		-	-
Other non-current Assets		-	-
Total Non-current Assets		5,101,568	6,066,801
Current Assets			
Inventories	4	65,006,880	63,872,229
Financial assets			
Current Investments		-	-
Trade Receivables	5	10,488,122	9,245,632
Cash and cash equivalents	6	140,795	5,397,730
Short Term Loans and Advances	7	6,515,569	6,836,970
Assets for current tax(net)		-	-
Other Current Assets		-	-
Total Current Assets		82,151,367	85,352,560
TOTAL ASSETS		87,252,935	91,419,361
EQUITIES AND LIABILITIES			
EQUITY			
Equity Share Capital	8	24,500,000	24,500,000
Other Equity	9	(31,080,813)	(15,370,311)
TOTAL EQUITY		(6,580,813)	9,129,689
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Preference Shares	10	9,817,800	9,817,800
Long Term Borrowings		-	-
Other Financial Liabilities		-	-
Long - term provisions		-	-
Deferred Tax Liability (Net)	11	465,474	465,474
Other non-current liabilities		-	-
Total Non-current liabilities		10,283,274	10,283,274
Current Liabilities			
Financial Liabilities			
Short Term Borrowings		-	-
Trade Payables	12	58,512,623	45,534,930
Other financial liabilities		-	-
Other current Liabilities	13	20,990,398	22,816,760
Short Term Provisions	14	4,047,452	3,654,709
Liabilities for current tax(net)		-	-
Total Current liabilities		83,550,473	72,006,398
TOTAL - EQUITY AND LIABILITIES		87,252,935	91,419,361

As per our Report of even date

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

	Note	Year ended 31st March 2020	Year ended 31st March 2019
Revenue from Operations	15	130,523,681	183,549,219
Other Income	16	2,071,508	3,195,072
Total Revenue		132,595,189	1,86,744,291
EXPENSES			
Cost of Materials Consumed	17	70,781,747	96,196,624
Changes in Inventories of Finished Goods and Stock-in-Process	18	(7,099,246)	(3,135,167)
Employee Benefit Expense	19	56,553,786	55,581,774
Depreciation and amortisation expenses	20	1,272,428	1,384,897
Other Expenses	21	26,796,976	31,603,447
Total Expenses		148,305,691	181,631,576
Profit before Exceptional Items and tax		(15,710,502)	5,112,715
Exceptional Items		-	-
Profit before tax		(15,710,502)	5,112,715
Tax Expenses		-	-
Current Tax		-	-
Deferred Tax		-	347,844
Profit /(Loss)for the period from continuing operations		(15,710,502)	4,764,871
Profit /(Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit /(Loss) from discontinuing operations (after tax)			
Net Profit /(Loss)for the period		(15,710,502)	4,764,871
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss		-	-
Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
Items that will be reclassified to Profit or Loss		-	-
Income Tax relating to items that will be reclassified to Profit or Loss		-	-
Total Comprehensive Income for the period		-	-
Earning per equity share (For continuing operation):			
1) Basic		(6.41)	1.94
2) Diluted		(6.41)	1.94
Earning per equity share:(For Discontinued operation):			
1) Basic		-	-
2) Diluted		-	-
Earning per equity share (For continuing & discontinued operation):			
1) Basic		(6.41)	1.94
2) Diluted		(6.41)	1.94
See accompanying notes to the financial statements	1 to 21		

CASH FLOW STATEMENT AS AT 31st MARCH 2020

(Amount in ₹)

CASH FLOW FROM OPERATING ACTIVITIES	April 1, 2019 to March 31, 2020		April 1, 2018 to March 31, 2019	
Profit before taxation and exceptional item		**(15,710,502)**		5,112,715
Adjustments for:				
Depreciation	**1,272,428**		1,384,897	
Profit on sale of fixed assets	**-**		-	
Interest income	**(194,261)**		(250,922)	
		1,078,167		1,133,975
Operating profit before working capital changes		**(14,632,335)**		6,246,690
Adjustments for:				
(Increase)/Decrease in sundry debtors	**(1,242,491)**		8,737,641	
(Increase)/Decrease in inventories	**(1,134,652)**		(4,350,114)	
(Increase)/ Decrease in loans and advances	**321,400**		(1,330,089)	
Increase/(Decrease) in current liabilities and provisions	**11,544,076**		(12,233,789)	
		9,488,333		(9,176,351)
Cash generated from operations		**(5,144,001)**		(2,929,661)
Direct Taxes		**-**		-
A. NET CASH FROM OPERATING ACTIVITIES		**(5,144,001)**		(2,929,661)
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets (including capital work in progress and advances)		**(307,195)**		(156,195)
Proceeds from sale of fixed assets		**-**		-
Interest received		**194,261**		250,922
B. NET CASH USED IN INVESTING ACTIVITIES		**(112,934)**		94,727
CASH FLOW FROM FINANCING ACTIVITIES				
Share application money received		**-**		-
Repayment of Borrowings		**-**		-
C. CASH FLOW FROM/ (USED) FINANCING ACTIVITIES		**-**		-
NET CASH FLOWS DURING THE YEAR (A+B+C)		**(5,256,935)**		(2,834,934)
Cash and cash equivalents (opening balance)		**5,397,730**		8,232,664
Cash and cash equivalents (closing balance)		**140,795**		5,397,730

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

	Note	Year ended 31st March 2022	Year ended 31st March 2021
INCOME			
Revenue from operations	22	**1,061.48**	1,090.00
Other income	23	**44.60**	8.51
TOTAL INCOME		**1,106.08**	1,098.51
EXPENSES			
Consumption of provisions, beverages, smokes and others	24	**983.63**	798.12
Change in Inventory of Finished Goods & Stock in Process	25	**75.45**	(41.38)
Employee benefits expense	26	**509.54**	530.45
Depreciation and amortization expenses	4	**8.58**	9.72
Other expenses	27	**194.37**	204.92
TOTAL EXPENSES		**1,771.57**	1,501.84
Profit/(Loss) before exceptional items and tax		**(665.49)**	(403.33)
Exceptional items		**-**	-
Profit/(Loss) before tax		**(665.49)**	(403.33)
Tax items			
Current tax			
Earlier years tax provisions (written back)			
Deferred tax asset / (liability)		**4.65**	-
Total tax items		**4.65**	-
Profit/(Loss) for the year		**(660.84)**	(403.33)
Other Comprehensive Income / (Loss)			
Items that will not be re-classified to Profit or Loss			
Re-measurement gains/ (losses) on post employment benefit plans		**-**	-
Changes in revaluation surplus		**-**	-
Other Comprehensive Income for the year / (Loss)		**-**	-
Total Comprehensive Income/ (Loss) for the year		**(660.84)**	(403.33)
Earning Per Equity Share (Basic and Diluted) (In ₹)	32		
Corporate Information, Basis of Preparation & Significant Accounting Policies	1-3		
The accompanying notes 1 to 36 are an integral part of the Standalone Financial Statements			

As per our report of even date attached
For V V KALE & CO.
Chartered Accountants
Firm Registration No. 000897N

For and on behalf of the Board

VIJAY V. KALE
Partner
Membership Number: 080821
UDIN: 22080821AJRADO9418

C. CHANDRACHUDAN
Managing Director
DIN : 0009312268

K. MANOHARAN
Executive Director
DIN : 0009615102

S. RAMESH
Company Secretary
PAN : AEMPR9361K

Mrs.T.NIRMALA
CFO
PAN : AMTPN4989Q

STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2022

(₹ in Lakhs)

	Note	As at 31st March 2022	As at 31st March 2021
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	**36.12**	42.25
(b) Intangiable Assets	4		
(c) Financial Assets			
(i) Others	5	**57.71**	18.50
(d) Other Non-Current Assets	6	**22.18**	22.15
		116.01	82.90
Current Assets			
(a) Inventories	7	**598.64**	719.32
(b) Financial Assets			
(i) Trade Receivables	8	**399.07**	295.41
(ii) Cash and Cash Equivalents	9	**7.99**	1.02
(iii) Others	10	**1.26**	2.01
(c) Other Current Assets	11	**11.23**	9.34
		1,018.19	1,027.10
TOTAL ASSETS		**1,134.20**	1,110.00
EQUITIES AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	**245.00**	245.00
(b) Other Equity	13	**(1,374.98)**	(714.14)
TOTAL EQUITY		**(1,129.98)**	(469.14)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities	14	**98.18**	98.18
(b) Provisions	15	**271.89**	182.42
(c) Deferred Tax Liability (Net)	16	-	4.65
		370.07	285.26
CURRENT LIABILITIES		-	-
(a) Financial Liabilities		-	-
(i) Trade Payables	17	-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		**1,850.09**	1,252.09
(ii) Other Financial Liabilities	18	**26.48**	27.92
(b) Other Current Liabilities	19	**7.00**	7.12
(c) Provisions	20	**10.54**	6.76
		1,894.11	1,293.88
TOTAL EQUITY & LIABILITIES		**1,134.20**	1,110.00
Corporate Information, Basis of Preparation & Significant Accounting Policies	1-3		

The accompanying notes 1 to 36 are an integral part of the Standalone Financial Statements

As per our report of even date attached
For V V KALE & CO.
Chartered Accountants
Firm Registration No. 000897N

For and on behalf of the Board

VIJAY V. KALE
Partner
Membership Number: 080821
UDIN: 22080821AJRADO9418

C. CHANDRACHUDAN
Managing Director
DIN : 0009312268

K. MANOHARAN
Executive Director
DIN : 0009615102

S. RAMESH
Company Secretary
PAN : AEMPR9361K

Mrs.T.NIRMALA
CFO
PAN : AMTPN4989Q

Place : New Delhi
Date : 26.05.2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

		2021-22	2020-21
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/ (loss) Before Tax	**(665.49)**	(403.33)
	Adjustments for:		
	Depreciation and amortization	**8.58**	9.72
	Interest and finance charges	-	-
	Interest income	0.40	(1.30)
	(Gain)/Loss on fixed assets sold/ discarded (net)	-	-
	Provision for impairment of Investment in subsidiary	-	-
	Net unrealized (gain)/loss on foreign currency transaction and translation (relating to other heads)	-	-
	Bad debts / advances written off	-	-
	Provision for bad & doubtful debts/advances (written back)	-	-
	Excess Provisions / Liability no longer required written back	-	-
	Non-operating Income	-	-
	Operating Profit before Working Capital Changes	**(656.52)**	(394.91)
	Adjustments for changes in working capital :		
	(Increase)/decrease in trade receivables, loans & advances and other assets	**(144.04)**	(51.76)
	(Increase)/decrease in inventories	**120.69**	(69.25)
	Increase/(decrease) in trade payables, other liabilities and provisions	**689.70**	515.18
	Cash Generated from Operations	**9.82**	(0.75)
	Income taxes (paid)/refund received	-	-
	Net Cashflow from Operating Activities	**9.82**	(0.75)
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(2.45)**	(0.95)
	Additions in capital work in progress	-	-
	Proceeds from sale of fixed assets	-	-
	Investments in bank deposits (with original maturity over 3 months)	-	-
	Proceeds from bank deposits (with original maturity over 3 months)	-	-
	Interest received	**(0.40)**	1.30
	Investment in shares	-	-
	Non-operating Income	-	-
	Net Cashflow from Investing Activities	**(2.85)**	0.36

(₹ in Lakhs)

		2021-22	2020-21
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**	**2021-22**	2020-21
	Proceeds from long term borrowings		
	Receipts	-	-
	Payments	-	-
	Proceeds from short term borrowings	-	-
	Receipts	-	-
	Payments	-	-
	Interest and finance charges	-	-
	Net Cashflow from Financing Activities	-	-
	Net Increase/(Decrease) in Cash and Cash Equivalents	**6.97**	(0.39)
	Cash and bank balances at the beginning of the year	**1.02**	1.41
	Cash and bank balances at the end of the year	**7.99**	1.02

NOTES:

1) **The above cash flow statement has been prepared as per the "Indirect method" set out in the Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows**
2) **Figures in bracket indicate cash outflow.**
3) **Previous year figures have been regrouped and recast wherever necessary to confirm to current year's classification.**

Cash and cash equivalents at the end of the year consist of cash on hand, cheques, draft on hand and balance with banks as follows:

DETAIL OF CASH AND CASH EQUIVALENTS

Balances with banks		
In current accounts	**0.40**	0.75
Cash on hand	**0.34**	0.27
Fixed Deposit	**7.25**	-
	7.99	1.02

As per our report of even date attached
For V V KALE & CO.
Chartered Accountants
Firm Registration No. 000897N

For and on behalf of the Board

VIJAY V. KALE
Partner
Membership Number: 080821

C. CHANDRACHUDAN
Managing Director
DIN : 0009312268

K. MANOHARAN
Executive Director
DIN : 0009615102