

## “A Study of Ratio Analysis at Raymond Textile (Chhindwada Mp) ”

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**Abstract :** Ratio analysis is much different. Ratio analysis compares relationships between financial statement accounts. This means that one income statement or balance sheet account is being compared to another. These relationships between financial statement accounts will not only give a manager or investor an idea of the how healthy the business is on a whole, it will also give them keen insights into business operations. The main objectives of this study is to find out Ratio analysis which help in evaluation of financial position of company, Interpret the financial statement so that the strength and weakness of a firm. Ratio analysis also helps to determined historical performance and current financial condition of company and it help throw light on a long term solvency of a firm. It helps company to analyze the liquidity position. The primary data is collected from various journal, books and different websites & secondary data is collected from Profit & Loss Account, Balance sheets as on the date 31<sup>st</sup> march of the year. The interpretation of this study is done by calculating different financial ratios of the company with the help of profit and loss account & balance sheet.

**Keywords:** Study of Ratio Analysis Raymond Chhindwara, Solvency, & liquidity.

### I. Introduction

Raymond Group is one of the largest players in fabrics, designer wear, denim, personal care, engineering files and tools, prophylactics and air charter services in national and international markets. All Raymond plants are ISO certified, leveraging on cutting-edge technology that adheres to the highest quality parameters while also being environment friendly.

The Raymond Group also had an expansive retail presence established through the exclusive chain of ‘The Raymond Shop’ and stand-alone brand stores for Manzoni, Park Avenue, Color Plus, Parx, Be: and Zapp! and Notting Hill.

Raymond Limited Chhindwara is the Flagship Company of J. K. Groups (Western Division). It produces high quality polyester wool fabric and polyester viscose blends fabric.

It began operation on 1 April, 1991 to cater the growing demand of premium suiting the plant is at a distance of 57 km. from Nagpur and 70 km. from Chhindwara on Nagpur-Chhindwara Road.

The hundred acres plot stood as a pioneer in the Socio-economic development of this region.

The list factors leading to the selection of this location are:-

1. Cheap land.
2. Labour availability at cheaper cost.
3. Easy availability of power, fuel and water.
4. Availability of land for Expansion.
5. Easy transportation (Because nearer to Nagpur which is well connected to Roads, Rail and Airways.)
6. Market Proximity.
7. 15% of subsidy on total cost of project subject to maximum of 15 lacs.
8. Sales Tax exempt for 7 years initially.
9. Entry Tax exempted for 5 years extended by another five years due to major expansion.
10. 5% subsidy in electricity charges subject to a maximum of 10 lacs per annum.

The plant is well equipped with the most modern machinery, which results in high efficiency and productivity. Most important than machines is the manpower which is adequately skilled and component. Within 3 years of starting, Raymond had achieved over 90% efficiency levels in the Spinning and weaving departments they are still maintaining it.

### **1. Importance and Significance of the Study.**

The Research has lot of applied aspects. It may be useful to the companies and local shops for necessary implementations. This will also help them for promoting their sales by using different Marketing Strategies.

What I could learn from this Project is that, a good sales promotion plays an important part in boosting up sales with a positive impact on market and understanding customers buying behaviour towards apparels.

### **2. Scope**

1. The company in finding out the gray areas for improvement in performance.
2. The company to understand its own position over time.
3. The managers to understand their contribution to the performance of the company.
4. The present and potential investors, outside parties such as:  
The creditors, debtors, government & many more to get an idea of overall performance of the firm.
5. The researcher can further analyse the cash flow statement, fund flow statement, working capital analysis, balance sheet analysis, marketing trends.
6. To know the financial and liquidity position of the company.

### **3. Objective**

1. To know the financial condition of the company.
2. To know the strength and weakness of the company.
3. To know the company has enough assets compare to it current liabilities.
4. To study the inventory management.
5. To study company's ability to earn profit compare to its sale.
6. To analyze the liquidity position of the company.

## **II. Indentations And Equations**

### **1. Research Methodology**

Research is the application of human intelligence in systematic manner to a problem. It may minimize the total uncertainty by intelligence use of the most reliable data available in the organization.

#### **1.1 Data collection**

##### **a. Primary data:**

The methodology of this study has been adopted on the following basis:

- Study of various journals, notes and books.
- Study through website.
- Collection of primary and secondary data records of the organisation.
- Analysis of the collected data for its application.

The data collected for the project was in the form of written as well as verbal information regarding ratio analysis of the organisation

##### **b. Secondary data:**

The secondary data collected-

The Profit & Loss Account, Balance sheets as on the date 31<sup>st</sup> march of the year

2013 - 2014

2014 - 2015

2015 - 2016

2016 - 2017

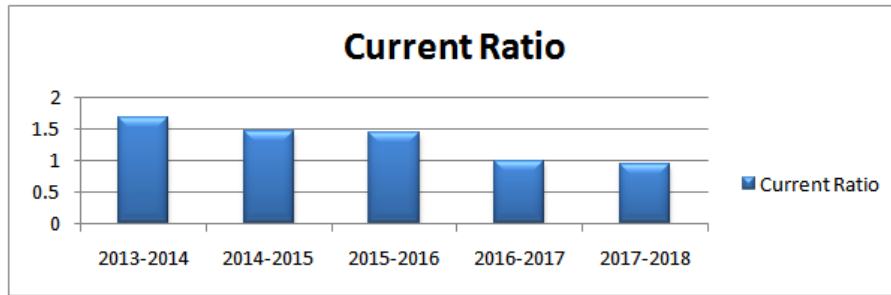
2017 - 2018

## **III. Figures And Tables**

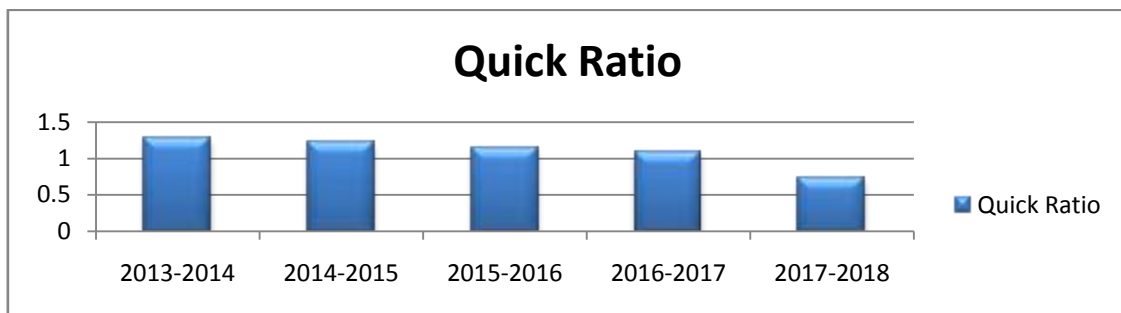
### **1.1. Data Analysis and Interpretation**

The data analysis and interpretation mainly concerns primary data collected in the form of various journals, notes, books & website.

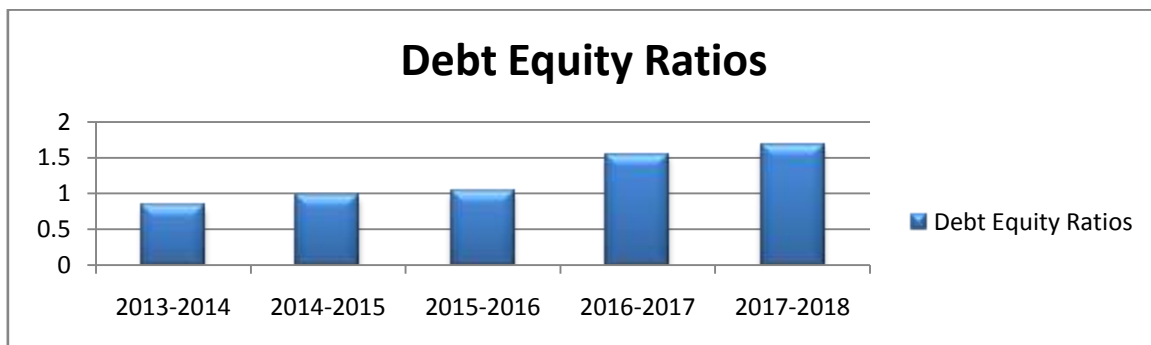
The response of data is shown with the help of graphs and charts prepared by using MS-Excel software.



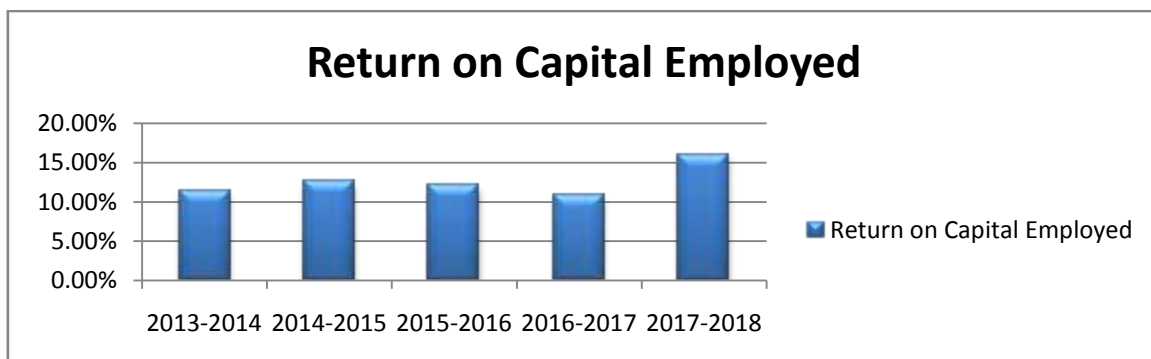
**Interpretation:** Every year the current ratio of the company is less than 2 except 2017-2018. An ideal current ratio is 2:1. It indicates Normal solvent position of company.



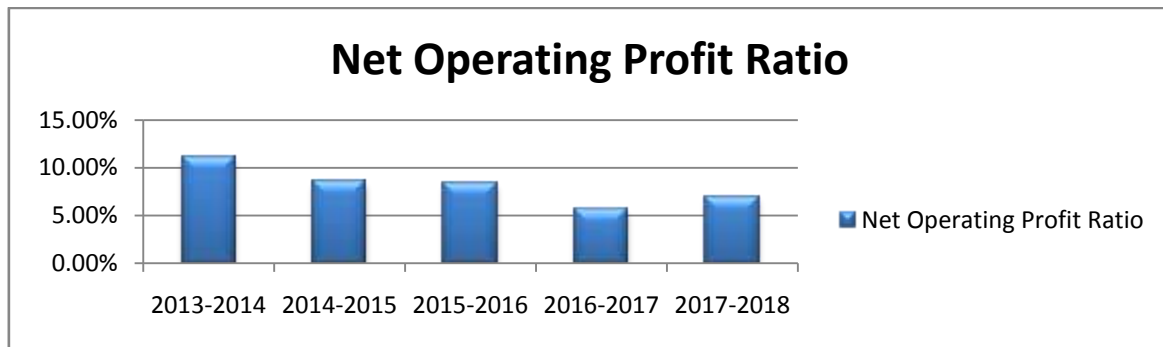
**Interpretation:** Every year the quick ratio of the company is 1 except 2017-2018. An Ideal quick ratio is 1:1. It also represents normal solvent position of the company.



**Interpretation:** Debt to equity ratio is a long term solvency ratio that indicates the soundness of long-term financial policies of a company. It shows the relation between the portion of assets financed by creditors and the portion of assets financed by stockholders.



**Interpretation:** Return on capital employed or ROCE is a profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed. In above mentioned table the Capital employed of company is increasing every year.



**Interpretation:** The operating ratio can be used to determine the efficiency of a company's management by comparing operating expenses to net sales. In above mentioned table the higher ratio indicates a better ability of company to generate revenue.

#### **IV. Conclusion**

1. In every year percentage of Net profit ratio of company is considerable it indicates the efficient management of the affairs of business.
2. Total Assets turnover ratio of Raymond shows the company has ability in generating sales from all financial resources is lower than desirable.
3. Fixed assets to net worth are showing a good solvency position of a company. This ratio indicates the owner's cash is frozen in the form of fixed assets, such as property, plant, and equipment, and the extent to which funds are available for the company's operations.
4. The fixed asset turnover ratio appears to be satisfactory and the company is assumed to be using its fixed assets trying to achieving targeted production and turnover.
5. Return on capital employed or ROCE is a profitability ratio it showing how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed.

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