<u>Final Project</u>

"A project Report on Ratio Analysis With reference to Genting Lanco Power Ltd"

DMSR- G. S. College of Commerce & Economics, Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University

Nagpur

In partial fulfilment for the award of the degree of

<u>Master of Business Administration</u>

Submitted by

Pooja l harne

Under the Guidance of
Prof .Kamlesh Thote

Department of Management Sciences and Research,
G. S. College of Commerce & Economics, Nagpur
<u>NAAC Re-Accredited "A" Grade Autonomous Institution</u>

Academic Year 2021-22

Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Re-Accredited "A" Grade Autonomous Institution

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G.S. College Of Commerce & Economics, Nagpur

CERTIFICATE

This is to certify that **"Pooja l Harne"** has submitted the project report titled **"A Project Report on Ratio Analysis With reference to Genting Lanco Power Ltd '',** towards partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by DMSR - G. S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR (NAAC Reaccredited "A" Grade Autonomous Institution) affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

Prof. Kamlesh Thote	**Dr. Sonali Gadekar**
(Project Guide)	**(Co-ordinator)**

Date: ..../ /2022
Place: Nagpur

G. S. College Of Commerce & Economics, Nagpur

DECLARATION

I here-by declare that the project with title "**"A Project Report on Ratio Analysis With reference to Genting Lanco Power Ltd ''**" has been completed by me in partial fulfillment of MASTER OF BUSINESS ADMINISTRATION degree examination as prescribed by DMSR - G. S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR (NAAC Reaccredited "A" Grade Autonomous Institution) affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

"POOJA L HARNE"

Place:

Date:

G. S. College Of Commerce & Economics, Nagpur

ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr. N.Y. Khandait, Principal, G.S. College of Commerce & Economics, Nagpur.

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I will fail in my duty if I do not thank the Non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful. (mention the names with designation)

"Pooja L Harne"

Date: .../ /2022

Place: Nagpur

Introduction

Financial Management is the specific area of finance dealing with the financial decision corporations make, and the tools and analysis used to make the decisions. The discipline as a whole may be divided between long-term and short-term decisions and techniques. Both share the same goal of enhancing firm value by ensuring that return on capital exceeds cost of capital, without taking excessive financial risks.

Capital investment decisions comprise the long-term choices about which projects receive investment, whether to finance that investment with equity or debt, and when or whether to pay dividends to shareholders. Short-term corporate finance decisions are called working capital management and deal with balance of current assets and current liabilities by managing cash, inventories, and short-term borrowings and lending (e.g., the credit terms extended to customers).

Corporate finance is closely related to managerial finance, which is slightly broader in scope, describing the financial techniques. available to all forms of business enterprise, corporate or not.

<u>Classification of Ratio by statement</u>

Liquidity Ratio:

Liquidity ratios analyze the ability of a company to pay off both its current liabilities as they become due as well as their long-term liabilities as they become current. In other words, these ratios show the cash levels of a company and the ability to turn other assets into cash to pay off liabilities and other current obligations.

Liquidity is not only a measure of how much cash a business has. It is also a measure of how easy it will be for the company to raise enough cash or convert assets into cash. Assets like accounts receivable, trading securities, and inventory are relatively easy for many companies to convert into cash in the short term. Thus, all of these assets go into the liquidity calculation of a company.

(1) Current Ratio.

(2) Quick Ratio

(3) Operating Cash Flow Ratio

(1) Current Ratio: The current ratio is a liquidity and efficiency ratio that measures a firm's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short term liabilities are due within the next year.

This means that a company has a limited amount of time in order to raise the funds to pay for these liabilities. Current assets like cash, cash equivalents, and marketable securities can easily be converted into cash in the short term. This means that companies with larger amounts of current assets will more easily be able to pay off current liabilities when they become due without having to sell off long-term, revenue generating assets.

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

(2) Quick Ratio: The quick ratio or acid test ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets. Quick assets are current assets that can be converted to cash within 90 days or in the short-term. Cash, cash equivalents, short-term investments or marketable securities, and curren accounts receivable are considered quick assets.

Short-term investments or marketable securities include trading securities and available for sale securities that can easily be converted into cash within the next 90 days. Marketable securities are traded on an open market with a known price and readily available buyers. Any stock on the New York Stock Exchange would be considered a marketable security because they can easily be sold to any investor when the market is open.

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 ac…

Profitability Ratios:

The acid test of finance shows how well a company can quickly cover its assets into cash in order to pay off its current liabilities. It also shows the level of quick assets to current liabilities.

$$\text{Quick Ratio} = \frac{\text{Total Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

(3) Operating Cash Flow Ratio: The Operating Cash Flow Ratio, a liquidity ratio, is a measure of how well a company can pay off its current liabilities with the cash flow generated from its core business operations. This financial metric shows how much a company earns from its operating activities, per dollar of current liabilities. Since earnings involve accruals and can be manipulated by management, the operating cash flow ratio is considered a very helpful gauge of a company's short-term liquidity.

$$\text{Operating Cash Flow Ratio} = \frac{\text{Cash flow from operation}}{\text{Current liabilities}}$$

Profitability ratios compare income statement accounts and categories to show a company's ability to generate profits from its operations. Profitability ratios focus on a company's return on investment in inventory and other assets. These ratios basically show how well companies can achieve profits from their operations.

Investors and creditors can use profitability ratios to judge a company's return on investment based on its relative level of resources and assets. In other words, profitability ratios can be used to judge whether companies are making enough operational profit from their assets. In this sense, profitability ratios relate to efficiency ratios because they show how well companies are using their assets to generate profits.

1. Profit Margin Ratio.
2. Return on Asset Ratio.
3. Return on Equity Ratio.
4. Net Profit Ratio.

(1) Profit Margin Ratio: The profit margin ratio, also called the return on sales ratio or gross profit ratio, is a profitability ratio that measures the amount of net income earned with each dollar of sales generated by comparing the net income and net sales of a company. In other words, the profit margin ratio shows what percentage of sales are left over after all expenses are paid by the business.

Creditors and investors use this ratio to measure how effectively a company can convert sales into net income. Investors want to make sure profits are high enough to distribute dividends while creditors want to make sure the company has enough profits to pay back its loans. In other words, outside users want to know that the company is running efficiently. An extremely low profit margin formula would indicate the expenses are too high and the management needs to budget and cut expenses.

Internal management to set performance goals for the future often uses the return on sales ratio.

$$\text{Profit Margin Ratio} = \frac{\text{Net Income}}{\text{Net Sale}}$$

(2) Return on Asset Ratio: The return on assets ratio, often called the return on total assets, is a profitability ratio that measures the net income produced by total assets during a period by comparing net income to the average total assets. In other words, the return on assets ratio or ROA measures how efficiently a company can manage its assets to produce profits during a period.

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 the most companies . in this case , the company invests money into capital assets and the return is measured in profits.

Net Income
Return on asset Ratio= -----------------------------
Average Total Asset

(3) Return on Equity Ratio: The return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholder's 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.

ROE is also an indicator of how effective management is at using equity financing to fund operations and grow the company.

Net Income
Return on Equity Ratio = ----------------------------------
Shareholders Equity

(4) Net Profit to Sales Ratio: Net profit Ratio is also termed as sales Margin Ratio (or) Profit Margin Ratio (or) Net profit to Sales Ratio .This ratio reveals the firm's overall efficiency in operating the business. Net profit Ratio is used to measure the relationship between net profit and sales. This ratio can be calculated by the following formula:

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

Net profit includes non-operating incomes and profits. Non-Operating Incomes such as dividend received, interest on investment, profit on sales of fixed assets, commission received, discount received etc. Profit or Sales Margin indicates margin available after deduction cost of production, other operating expenses, and income tax from the sales revenue. Higher Net Profit Ratio indicates the standard performance of the business concern.

(5) Return on Capital Employed Ratio: 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 other words, return on capital employed shows investors how many dollars in profits each dollar of capital employed generates.

ROCE is a long-term profitability ratio because it shows how effectively assets are performing while taking into consideration long-term financing. This is why ROCE is a more useful ratio than return on equity to evaluate the longevity of a company.

This ratio is based on two important calculations: operating profit and capital employed. Net operating profit is often called EBIT or earnings before Interest and taxes EBIT is often report on the income statement because it shows the company profits generated from operations. EBIT can be calculated by adding interest and taxes back into net income if need be

Capital employed is a fairly convoluted term because it can be used to refer to many different financial ratios. Most often capital employed refers to the total assets of a company less all current liabilities. This could also be looked at as stockholders' equity less long-term liabilities. Both equal the same figure.

$$\text{Return on Capital Employed} = \frac{\text{Net Profit after Taxes}}{\text{Gross Capital Employed}} \times 100$$

Solvency Ratios

Solvency ratios, also called leverage ratios, measure a company's ability to sustain operations indefinitely by comparing debt levels with equity, assets, and earnings. In other words, solvency ratios identify going concern issues and a firm's ability to pay its bills in the long term. Many people confuse solvency ratios with liquidity ratios. Although they both measure the ability of a company to pay off its obligations, solvency ratios focus more on the long-term sustainability of a company instead of the current liability payments.

Solvency ratios show a company's ability to make payments and pay off its long-term obligations to creditors, bondholders, and banks. Better solvency ratios indicate a more creditworthy and financially sound company in the long-term .

(1) Debt to
(2) Equity Ratio
(3) Debt Ratio

(1) Debt Ratio

(1) Debt to Equity Ratio: The debt to equity ratio is a financial, liquidity ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of company financing that comes from creditors and investors. A higher debt to equity ratio indicates that more creditor financing (bank loans) is used than investor financing (shareholders).

Total liabilities

Debt to Equity Ratio = ----------------------------------

Total Assets

(2) Equity Ratio: The equity ratio is an investment leverage or solvency ratio that measures the amount of assets that are financed by owners' investments by comparing the total equity in the company to the total assets.

The equity ratio highlights two important financial concepts of a solvent and sustainable business. The first component shows how much of the total company assets are owned outright by the investors. In other words, after all of the liabilities are paid off, the investors will end up with the remaining assets.

The second component inversely shows how leveraged the company is with debt. The equity ratio measures how much of a firm's assets were finance

$$\text{Equity Ratio} = \frac{\text{Total Equity}}{\text{Total Assets}}$$

(3) Debt Ratio: Debt ratio is a solvency ratio that measures a firm's total liabilities as a percentage of its total assets. In a sense, the debt ratio shows a company's ability to pay off its liabilities with its assets. In other words, this shows how many assets the company must sell in order to pay off all of its liabilities.

This ratio measures the financial leverage of a company. Companies with higher levels of liabilities compared with assets are considered highly leveraged and riskier for lenders.

This helps investors and creditors analysis the overall debt burden on the company as well as the firm's ability to pay off the debt in future, uncertain economic times.

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Market Value Ratios

Market value ratios are used to evaluate the shere price of a companys stock. Common market value include the following:

1) Book value per share Ratio
2) Earnings per share Ratio
3) Price-Earnings Ratio

(1)Book value per share Ratio: The book value per share Ratio calculates the per share value of a company based on Equity available to shareholders :

$$\text{Book value per share Ratio} = \frac{\text{Share holders Equity}}{\text{Total share outstanding}}$$

(2) **Earning Per Share**: Earnings per share (EPS), also called net income per share, is a market prospect ratio that measures the amount of net income earned per share of stock outstanding. In other words, this is the amount of money each share of stock would receive if all of the profits were distributed to the outstanding shares at the end of the year.

Earnings per share is also a calculation that shows how profitable a company is on a shareholder basis. So a larger company's profits per share can be compared to smaller company's profits per share. Obviously, this calculation is heavily influenced on how many shares are outstanding. Thus, a larger company will have to split its earning amongst many more shares of stock compared to a smaller company.

$$\text{Earnings Per Share} = \frac{\text{Net Earning}}{\text{Total Share Outstanding}}$$

(3) Price Earning Share: The price earnings ratio, often called the P/E ratio or price to earnings ratio, is a market prospect ratio that calculates the market value of a stock relative to its earnings by comparing the market price per share by the earnings per share. In other words, the price earnings ratio shows what the market is willing to pay for a stock based on its current earnings.

Investors often use this ratio to evaluate what a stock's fair market value should be by predicting future earnings per share. Companies with higher future earnings are usually expected to issue higher dividends or have appreciating stock in the future.

Obviously, fair market value of a stock is based on more than just predicted future earnings. Investor speculation and demand also help increase a share's price over time.

The PE ratio helps investors analyze how much they should pay for a stock based on its current earnings. This is why the price to earnings ratio is often called a price multiple or earnings multiple. Investors use this ratio to decide what multiple of earnings a share is worth. In other words, how many times earnings they are willing to pay.

$$\text{Price Earning share} = \frac{\text{Market Value Price Per Share}}{\text{Earnings per Share}}$$

COMPANY PROFILE

PROFILE OF GENTING LANCO POWER (INDIA) PRIVATE LIMITED

Genting Lanco Power (India) Private Limited is a subsidiary of Genting group of companies based at Kuala Lumpur, Malaysia. Genting group has its presence in diversified fields like Power, Plantations, Paper & Packaging, Entertainment, Resorts & Hotels, Property development, Cruise liners, e Commerce, Oil and Gas.

Genting group is Malaysia's leading multinational corporation and one of Asia's best-managed companies with over 36,000 employees globally. The group is renowned for its strong management leadership. financial prudence and sound investment discipline.

The combined market capitalization of the group is about US $9 billion. The operating revenue for the group for the year 2007 is US $1.53 billion.

Genting Lanco Power (India) Private Limited has entered in to a 15 years Operations and Maintenance Agreement with Lanco Kondapalli Power Private Limited, who are the owners of the 368 MW gas fired combined cycle power plant at kondapalli.

Genting Lanco Power (India) Private Limited has its registered office at Lanco Kondapalli Power Plant, Kondapalli IDA, and Krishna District.

LANCO GROUP PROFILE

LANCO Group, headquartered in Hyderabad, India is one of the leading business houses in South India. It has an asset base of US $ 450 million and a turnover of more than US $ 300 million. With operational experience in power plants based on Gas, Biomass and Wind and an operating capacity of 509 MW, LANCO is heading for a capacity of 2500 MW and an asset base of US S 2.5 billion by the year 2010

Lanco is a well-diversified group with activities like power generation, engineering and construction, manufacturing, Information technology (IT), and property development. Lanco group is striving to Empower, Enable and Enrich partner, business associates and to be the chosen vehicle for growth for stakeholders and source of inspiration to the society. The group is recognized as a leading player in the Indian economic scenario with operation in USA and UK. LANCO also has presence in Civil Construction, Property Development, Manufacturing of Pig Iron & Ductile Iron Spun Pipes and Information Technology. LANCO's overall growth is attributed to its technical, Commercial and managerial skills, which is appreciated by its International partners - Commonwealth Development Corporation (ACTIS/Globules) of the United Kingdom, Genting Group of Malaysia and Doosan of Korea.

AMIS AND OBJECTIVES

The main objectives of resent study aimed as:

To evaluate the performance of the company by using ratios as yardstick to measure the efficiency of company . To understand the liquidity , profitability and efficiency positions of the company during the study period . To evaluate and analyse various facts of the financial performance of the company .

Objectives

1.To study various ratios and its analysis
2.To know the various ratios use to determine the progress of the company.
3. To study in detail about genting lanco power ltd.
4. To study the financial statement and how it to be analysis.
5. To learn the importance of ratio and its uses in corporate.

LIMITATIONS

1. study provides an insight into the financial , personnel , marketing and other aspect of LANCO. Every study will be bound with certain limitations.

2. The below mentioned are the constraints under which the study in carried out.

3. One of To the factors of the study was lack of availability of information. Most of the information has been kept confidential and as such as not assed as art of policy of company.

   Time is an important limitation . The whole study was conducted in a period of 60 days , which is not sufficient to crry out proper interpretation and analysis

Review of Literature

Ratio is the arithmetical expression of relationship between two related items. Ratio when calculated is the basis of accounting information called as accounting ratios. Ratio is the process of determining and interpreting numerical relationship between two variables which are interrelated.

Kennedy and Me Mullan:

"The relationship of one term to another, expressed in simple mathematical form is known as

R.N Anthony:

"A ratio is simply one number expressed in terms of another. It is found by dividing one number by another."

The term "accounting ratios" is used to describe significant relationship between figures shown on a balance sheet, in a profit and loss account, in a budgetary control system or in any other part of accounting organization Accounting ration thus shows the relationship between accounting data. An accounting ratio compares two aspects of a financial statement, such as the relationship or ratio of current assets to current liabilities The ratios can be used to evaluate the financial condition of a company, including the company's strengths and weaknesses. An example of an accounting ratio is the price-to-earnings (P/E) ratio of a stock. These measures the price paid per share in relation to the profit earned by the company per share in a given year. Accounting ratios assist in measuring the efficiency and profitability of a company based on its financial reports. Accounting ratios form the basis of fundamental amlysis.

Ratio analysis.

figures shown in profit and loss account and balance sheet in a budgetary control system or in any part of the accounting organization"

A financial ratio is a relative magnitude of two selected numerical values taken from an enterprise's financial statements. In standard ratios it is used to try to evaluate the overall financial condition of a corporation or other organization Financial ratios may be used by managers within a firm by current and potential shareholders (owners) of a firm and by a company are traded in a financial market, the market price of a firm's creditors, Financial amlysts use financial ratios to compare the strengths and weaknesses in various companies. If shares in the shares is used in certain financial ratios.

The study of relationships between financial variables is ratio analysis. Ratios of one firm are often compared with the same ratios of similar firms or of all firms in a single industry. This comparison indicates a particular firm's financial statistics are suspect Similarly, a particular ratio for a firm may be evaluated over a period of time to determine if any special trend exists.

Ratio Analysis is a tool used by individual to conduct a quantitative analysis of information of company's financial statements. Ratios are credited from current year numbers and are then compared to previous years. The companies, industries or the economy use ratio analysis to judge the performance Ratio analysis is a fundamental means of examining the health of a company by studying the relationships of key financial variables. Many analysts believe ratio analysis is the most important aspect of the analysis process

According to Myers "Ratio analysis is a study of relationship among various financial factors in a business" The usefulness of ratio analysis depends upon identifying:

(a) Objective of analysis

(b) Selection of relevant data

(c) Deciding appropriate ratios to be calculated

Research Methodology

Research is essentially a logical and an organized enquiry seeking facts through objective verifiable methods in order to discover the relationship among them and to refer from the board principles or laws. It is really a method of critical thinking.

Research may be defined as a systematic and objective analysis and recording of controlled observation that may land to the development of generalization of principles and theories resulting in prediction and possibly ultimate control of events.

Methodology is often used in a narrow sense to refer to methods, technology or tools employed for the collection of data as well as its processing. This is also used sometimes to designate data collected to been done. It provides answers to some of the major questions while search like what must be done, how it will be done, what data will be needed, what data gathering devices will be employed, how sources of data will be analyzed at the conclusion.

DIFFERENT TYPE OF RESEARCH METHODS: -

Success of conducting research depends over the result that is gained by the researcher at the end of the research. These obtained results are affected by the used methods to conduct research. In this way, there are

Two Types of Methods:

A) Primary Method

B) Secondary Method

A) Primary Method: All the data that are collected for the first time are included under the primary data collection method. Three approaches or methods are comprised under the primary data methods such as:

1. Observation method

2. In-depth interview and

3.Survey through questionnaire
Under the primary data collection method, most of the researchers prefer to use direct communication with the respondents to reach at the result of the research.

B) Secondary Method: Secondary Data Collection Method Data that are collected on the basis of previous data or research is included under the secondary data collection method. In this way, several types of approaches can be used such as:

1. Case study
2. Documentation review
3. Articles
4. Projects etc

1) Hypothesis:

Hypothesis is an statement of assumption to be proven by the researcher. It gives the direction to the research and addresses the objective of the reserche. It is a specific , testable predication about what a researcher expects to happen in a study.

H0**:** The ratios of genetic lanco power ltd has not shown better financial position year by year.

H1: The ratios of genetic lanco power ltd has shown bwtter financial position year by year.

2) Research Design

1.Most of the calculations are made on the financial statements of the company provided statements.

2. Referring standard texts and referred books collected some of the information regarding theoretical aspects.

3.Method- to assess the performance of he company method of observation of the work in finance department in followed.

3) Sources of data

Book: Financial Management – I.M. Pandey

(1) Annual Reports of the Company
(2) Articles and Research papers
(3) Internet
(4) Books

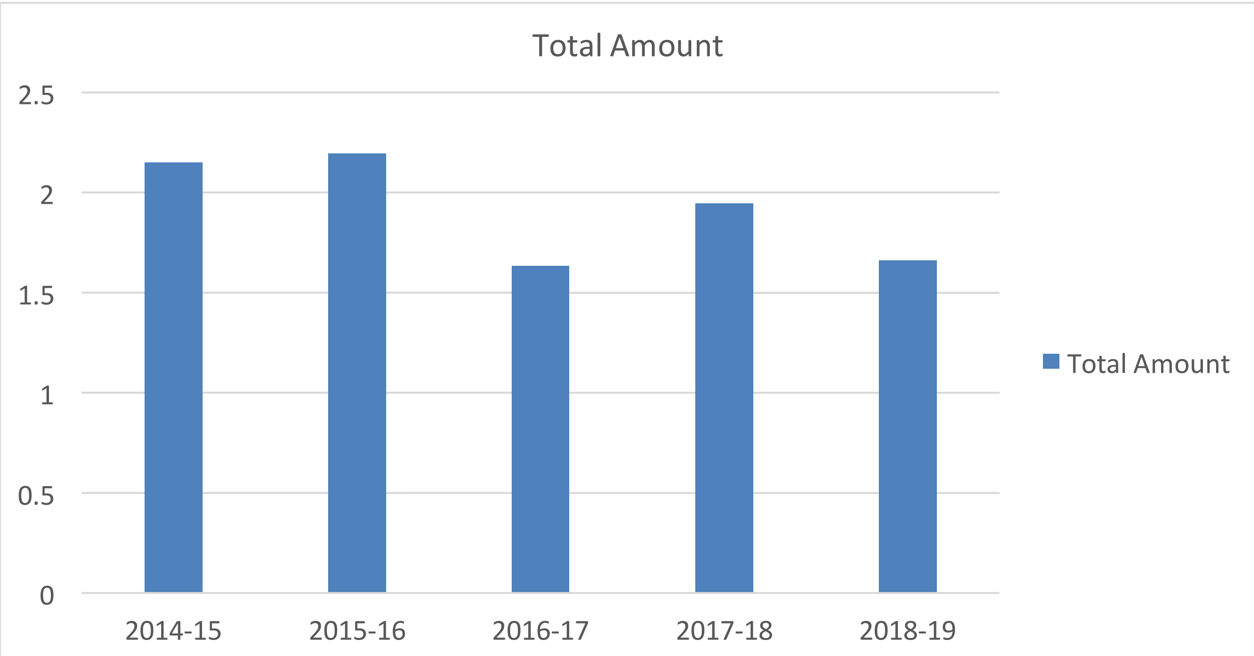
DATA INTERPRETATION AND ANALYSIS

Liquidity Ratio

1) Current Ratio

Current assets
Current Ratio= -------------------------------------
Current liabilities

Year	Current assets	Current liabilities	Total
2014-15	49040.93	22817.12	2.149304
2015-16	47051.26	21432.02	2.195372
2016-17	32925.93	20142.63	1.634639
2017-18	43193.45	22211.45	1.944648
2018-19	38348.71	23080.69	1.661506



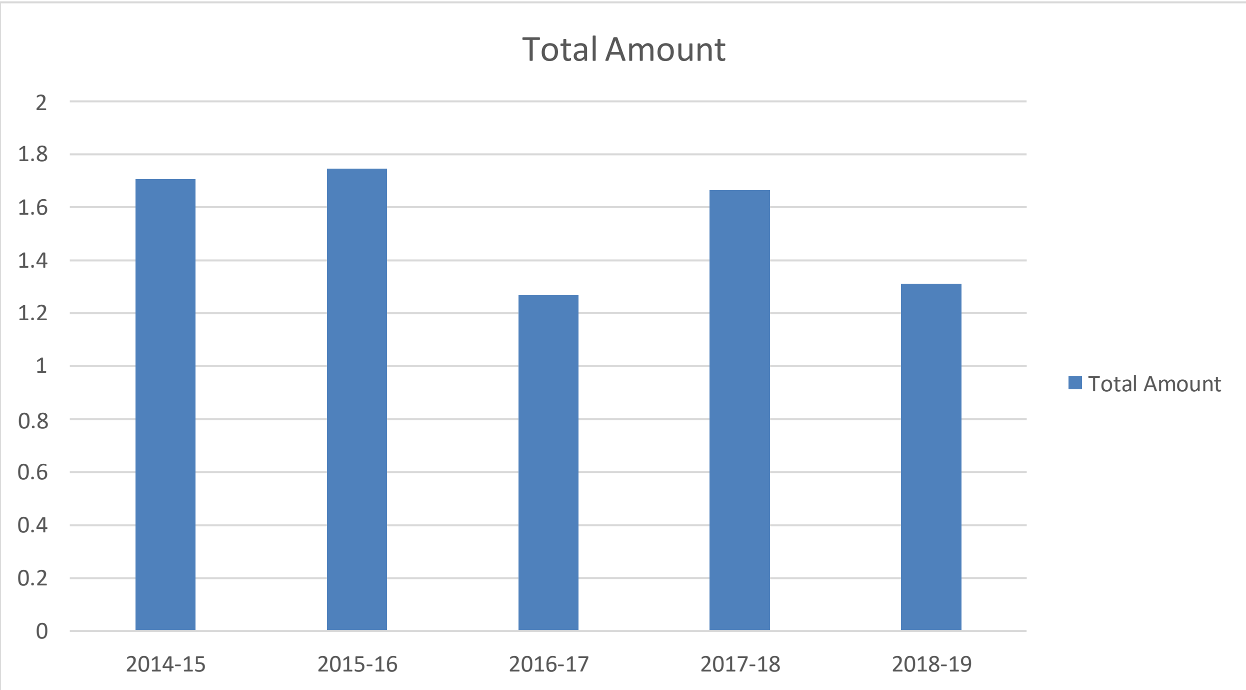
Interpretation : If the current ratio of company has the more than 1, it describe as the company is in good position , here in all the 5 years the company has the ratio more than ,therefore the company is in really good position.

2) Quick Ratio

$$\text{Quick Ratio} = \frac{\text{Total current assets-Inventory}}{\text{Current liabilities}}$$

Table

Year	Total current assets	inventory	Current liabilities	Total
2014-15	49040.93	10111.89	22817.12	1.706133
2015-16	47051.26	9657.29	21432.02	1.744771
2016-17	32925.93	7379.67	20142.63	1.268268
2017-18	43193.45	6263.15	22211.45	1.662669
2018-19	38348.71	8116.24	23080.69	1.30986



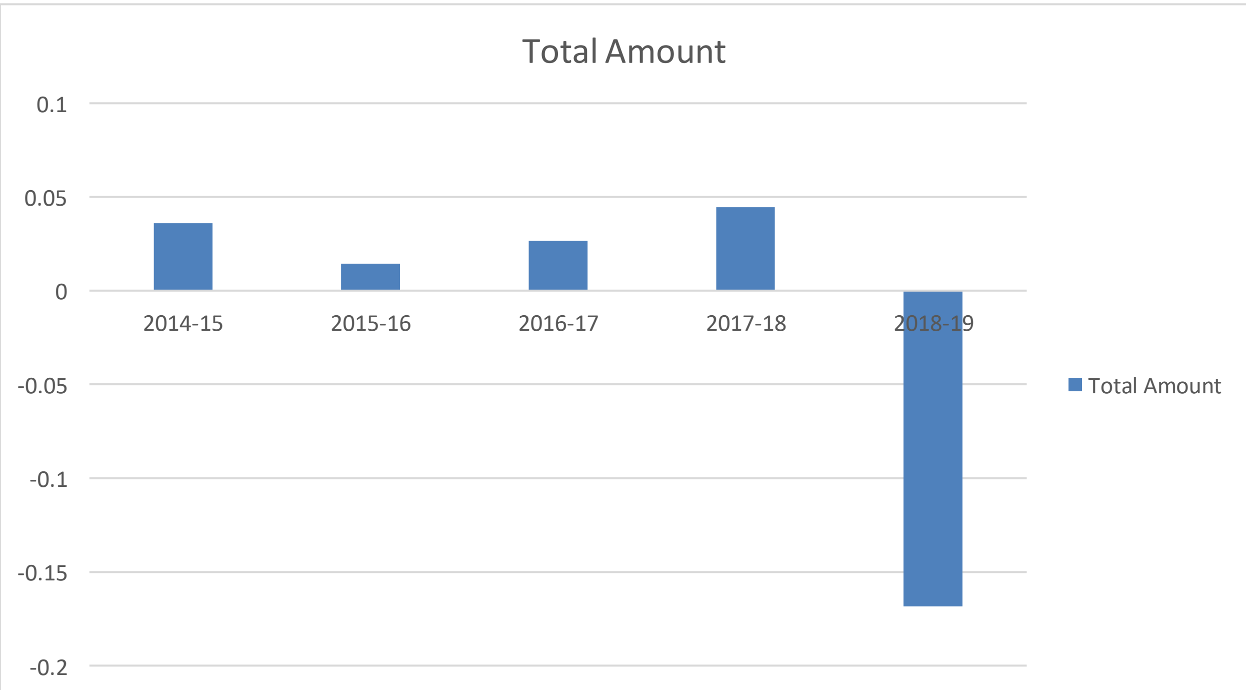
Interpretation: More the quick ratio the company has, better in the liquidity position the company is so, in initial year i.e. in 2014-15 the company has maximum quick ratio, later on it is getting diminishing & is minimum in the year 2018-19 hence the liquidity position of the company is going down.

3) Operating cash flow Ratio

$$\text{Operating cash flow Ratio} = \frac{\text{Cash flow from operation}}{\text{Current liabilities}}$$

Table

Year	Cash flow from operation	Current liabilities	Total
2014-15	821.19	22817.12	0.035990081
2015-16	311.76	21432.02	0.014546459
2016-17	536.07	20142.63	0.026613704
2017-18	989.07	22211.45	0.044529736
2018-19	-3885.7	23080.69	-0.168352853



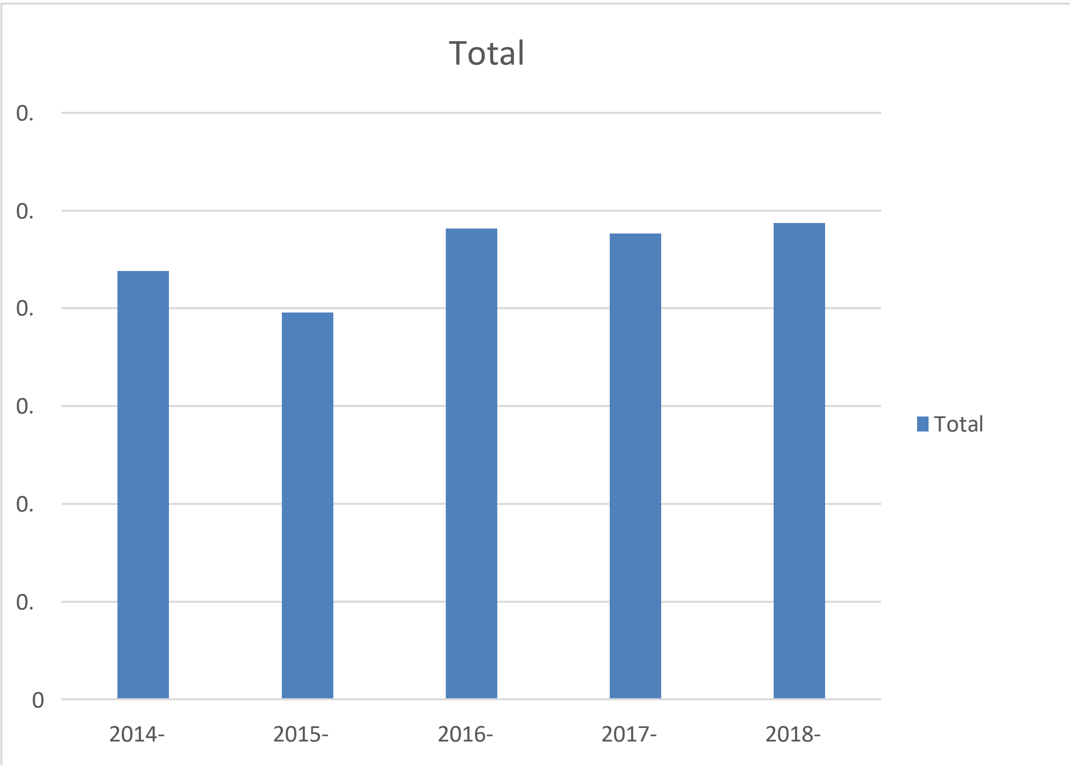
nterpretation : The cash flow of the company always need to be hight, but here the company is not having much good flow, hence the company is not in a great position.

Profit ability Ratio

$$1)\ \text{Return on Assets Ratio} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

Table

Year	Net income	Average Total Assets	Total
2014-15	32019.18	73066.58	0.438219
2015-16	27810.2	70245.02	0.395903
2016-17	30489.93	63333.96	0.481415
2017-18	29753.47	62446.07	0.476467
2018-19	31029.17	63696.44	0.487141



Interpretation: The return on asset ratio (ROA) , as the name suggest it has to be strong, and here a company has maintained its ROI very strong

2) **Return on Equity Ratio**

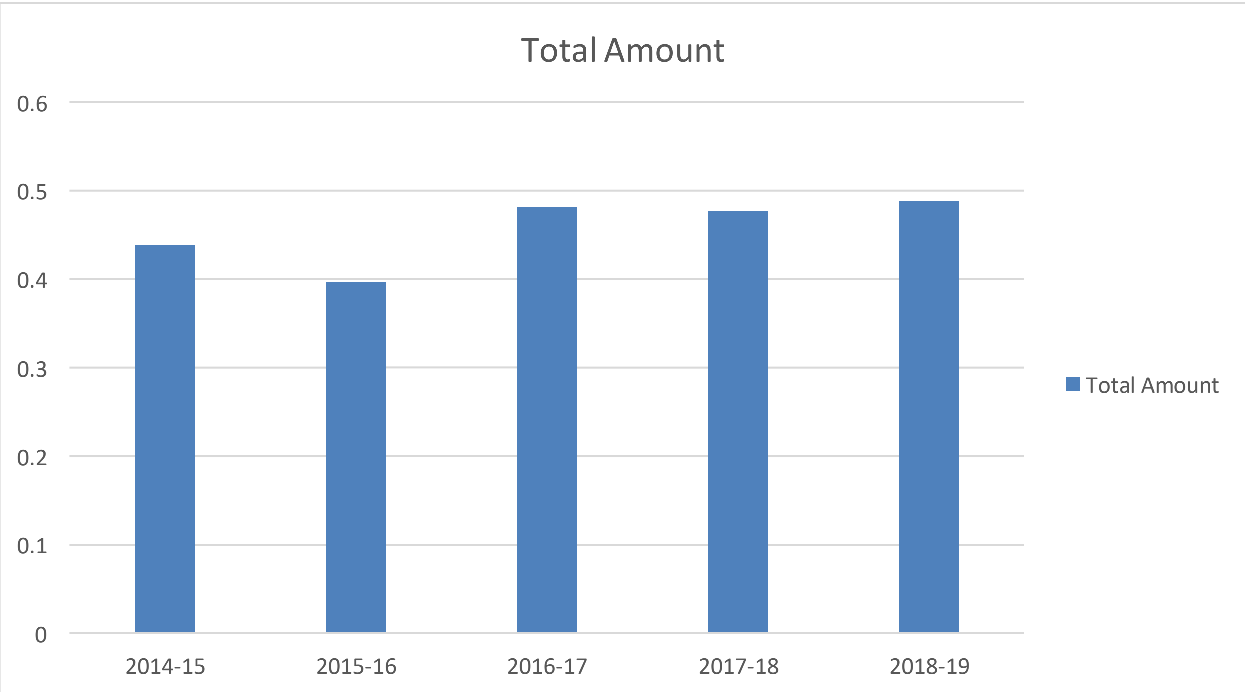
Net Income

Return on Equity Ratio = -----------------------------------

Shareholder`s equity

Table

Year	Net Income	Shareholder`s equity	Total
2014-15	32019.18	24,476	1.308187
2015-16	27810.2	24,476	1.136223
2016-17	30489.93	24,476	1.245707
2017-18	29753.47	36,714	0.854494
2018-19	31029.17	34,820	0.845159



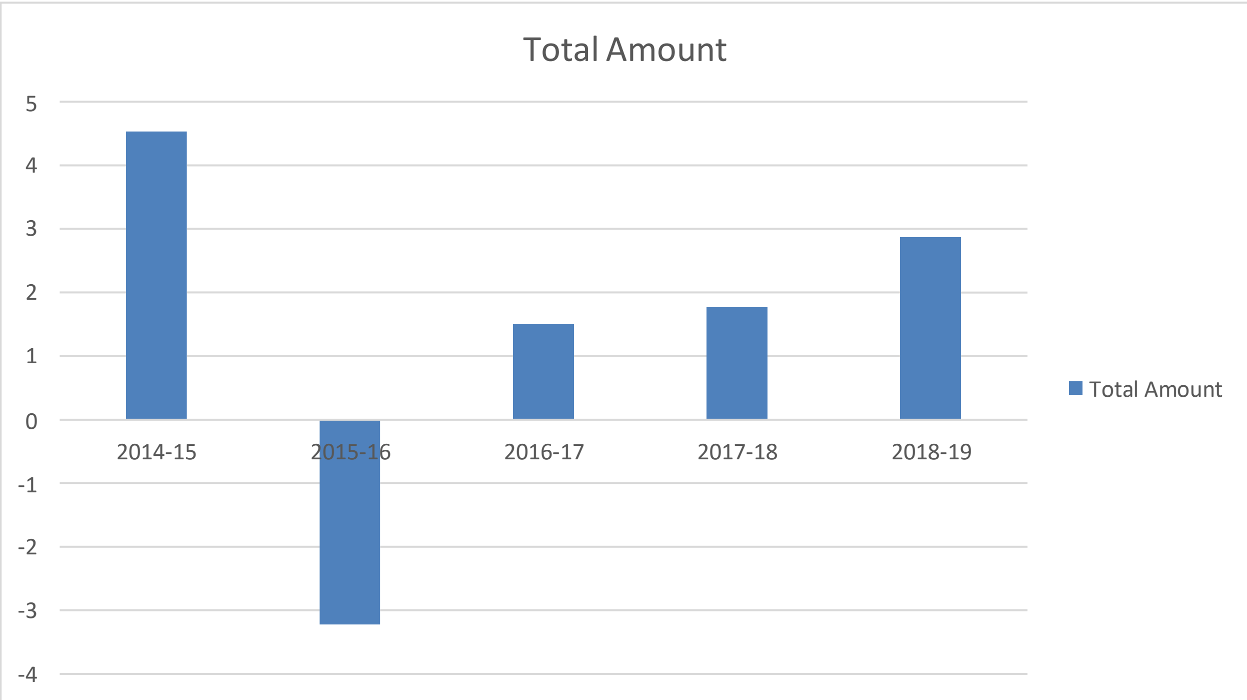
Interpretation: Nevertheless , we know that the return on equity (ROE) should be more than the shareholder`s equity , in the year 2014,2015,2016 the company has maintained good ROE but later on their started the negative return.

3) Net profit Ratio

$$\text{Net profit Ratio} = \frac{\text{Net profit after tax}}{\text{Net Sales}} \times 100$$

Table

Year	Net profit after tax	Net Sales	Total
2014-15	1450.44	32019.18	4.52991
2015-16	-895.93	27810.2	-3.22159
2016-17	457.26	30489.93	1.499708
2017-18	524.63	29753.47	1.763257
2018-19	890.01	31029.17	2.868301



Interpreitation: In the year 2014-15 the company had a good net profit Ratio , but in the year 2015-16 , company had a major drop in it and after that it again had a very strong from the year 2016.

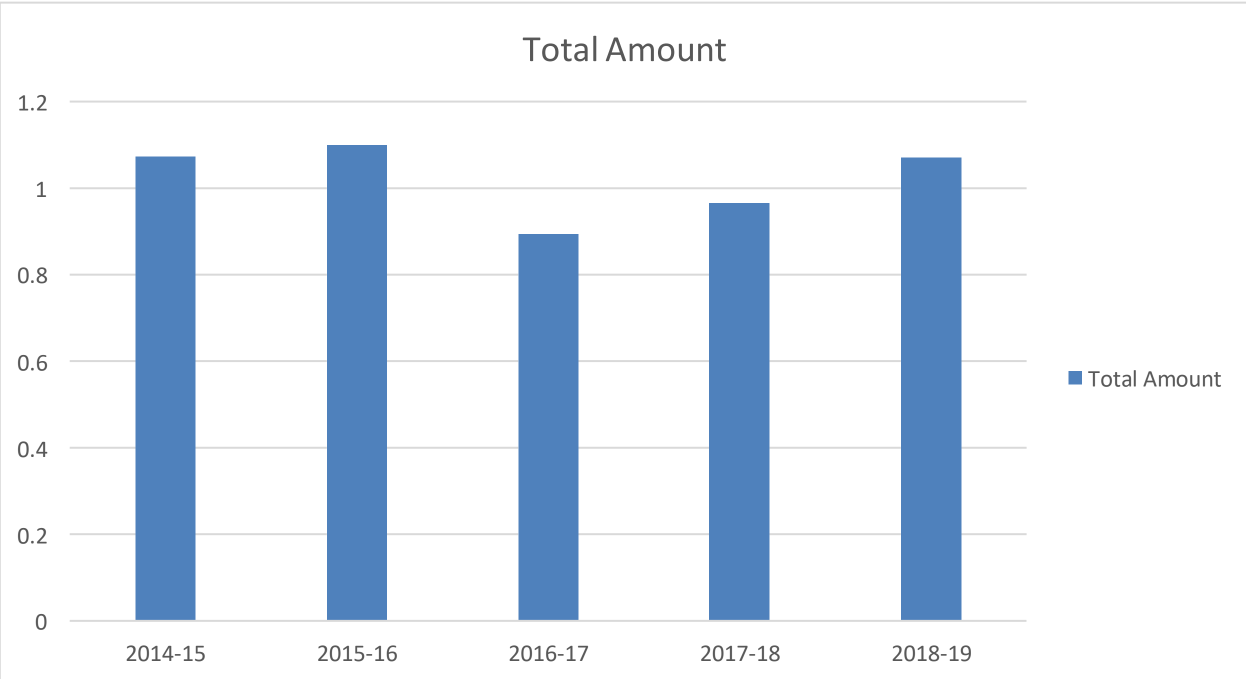
Solvency Ratio

1) Debt to Equity Ratio

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Table

Year	Total Liabilities	Total Equity	Total
2014-15	36679.85	34206.6	1.072303
2015-16	36470.78	33172.5	1.099428
2016-17	28959.54	32387.91	0.894147
2017-18	31213.74	32330.94	0.965445
2018-19	33053.61	30865.66	1.070886



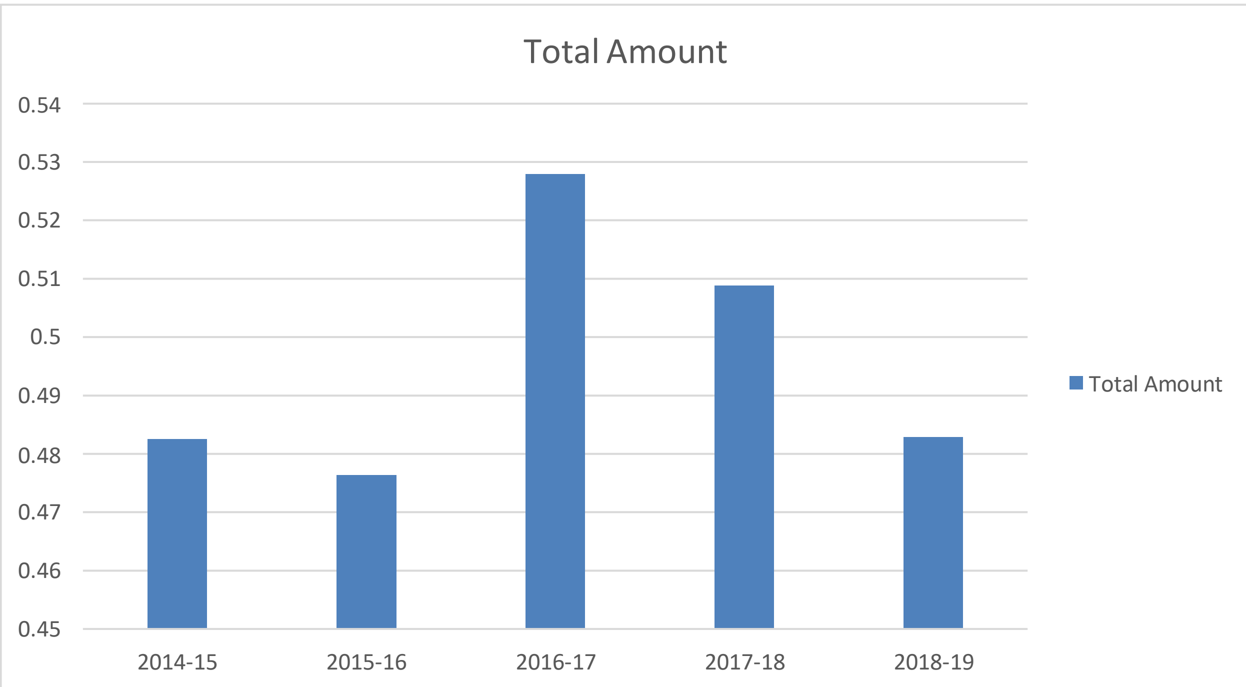
Interpretation: The company has maintained a decent equity ratio throughout the Year.

2)Equity Ratio

$$\text{Equity Ratio} = \frac{\text{Total Equity}}{\text{Total Assets}}$$

Table

Year	Total equity	Total assets	Total
2014-15	34206.6	70888.68	0.48254
2015-16	33172.5	69644.05	0.476315
2016-17	32387.91	61347.45	0.527942
2017-18	32330.94	63544.68	0.508791
2018-19	30865.66	63919.27	0.482885



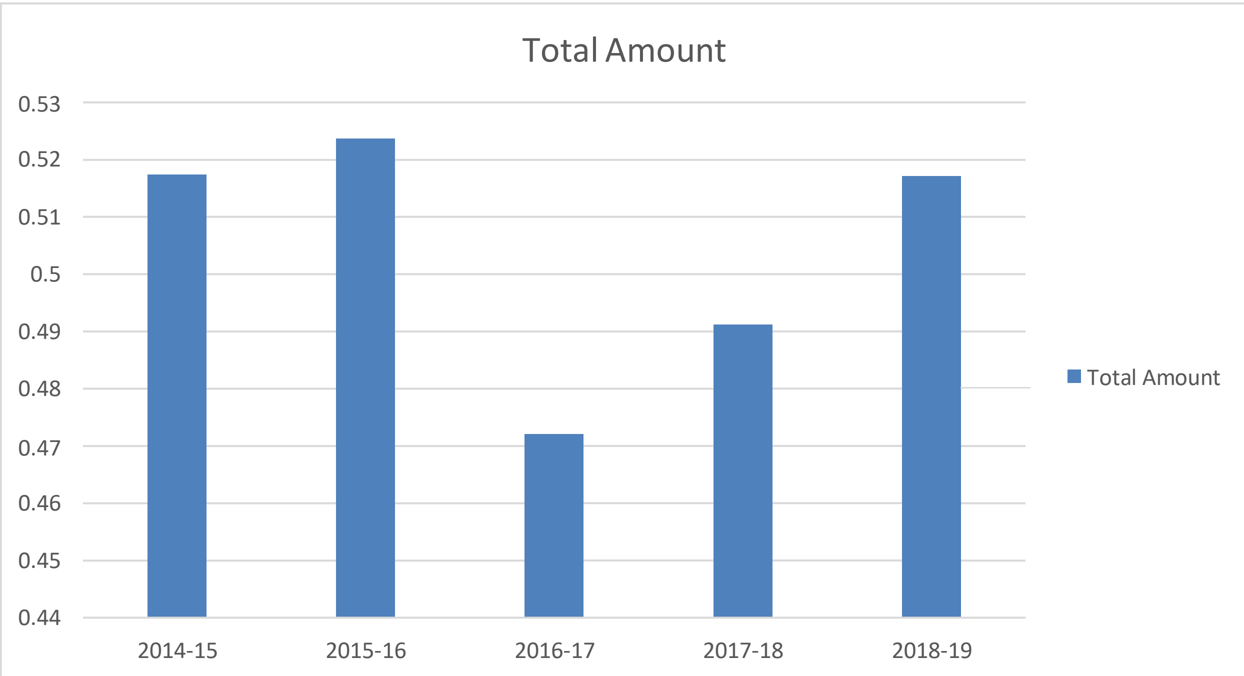
Interpretation : The company has maintained a decent equity ratio throughout the year.

3)Debt Ratio

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Table

Year	Total Liabilities	Total Assets	Total
2014-15	36679.85	70888.68	0.517429
2015-16	36470.78	69644.05	0.523674
2016-17	28959.54	61347.45	0.472058
2017-18	31213.74	63544.68	0.491209
2018-19	33053.61	63919.27	0.517115



Interpretation: The company has a good debt ratio as it has higher value of assets than liability throughout the year.

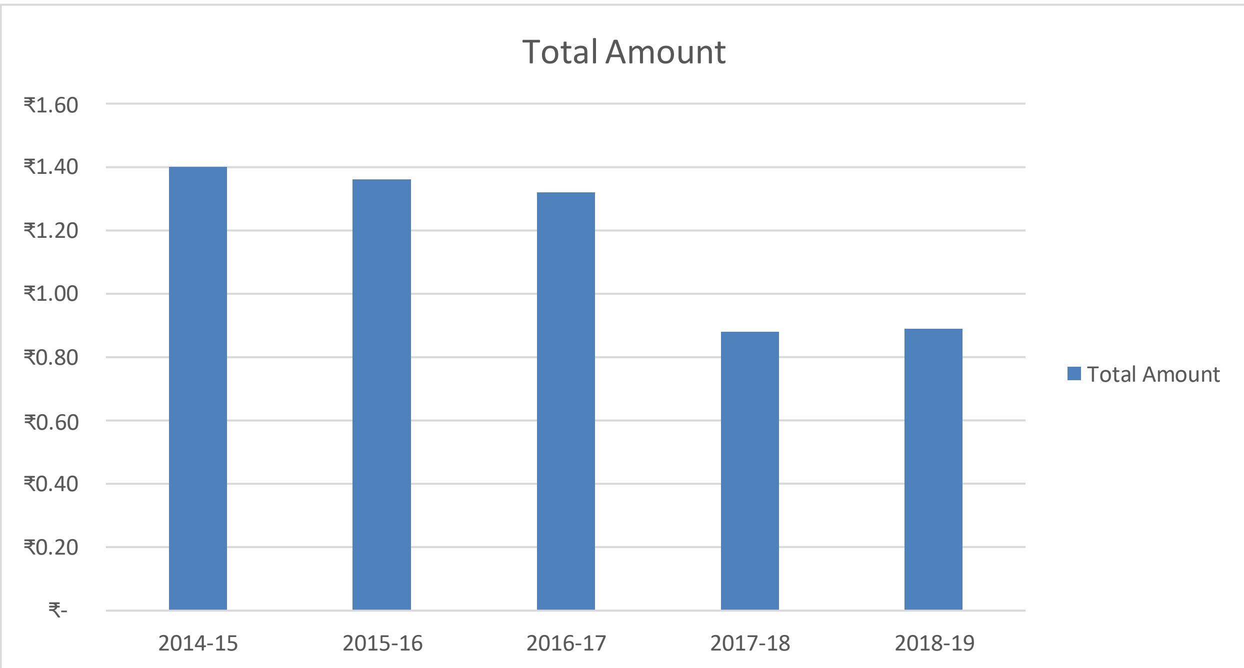
Market value Ratio

1) Book value per share Ratio

$$\text{Book value per share Ratio} = \frac{\text{Share holders equity}}{\text{Total share outstanding}}$$

Table

Year	Share holders equity	Total share outstanding	Total
2014-15	34206.6	24,476	1.40
2015-16	33172.5	24,476	1.36
2016-17	32387.91	24,476	1.32
2017-18	32330.97	36,714	0.88
2018-19	30865.66	34,820	0.89



Interpretation: The value per share of the company is not too high nor too low , the company can have a better value.

FINDINGS

Some conclusion of the Analysis and Interpritation:

Current Ratio: as the assets need to be higher than liability , the company has maintained it throughout the year diminishing rate.

Quick Ratio: The quick ratio needs to be more than one ,here the company has maintained it.

Operating cash flow ratio: The company has maintain a decent cash flow but can have better result.

Return on assets Ratio: The company is having good ROA, is decent enough according to report.

Return on Equity: The company is having good ROE , but has to come up with different plans in future, as it is going down.

Net profit Ratio: After having a major drop in net profit in year 2015-16 company has recovered really well from next years.

4) Hypothesis:

Hypothesis is an statement of assumption to be proven by the researcher. It gives the direction to the research and addresses the objective of the reserche. It is a specific , testable predication about what a researcher expects to happen in a study.

H0**:** The ratios of genetic lanco power ltd has not shown better financial position year by year.

H1: The ratios of genetic lanco power ltd has shown bwtter financial position year by year.

CONCLUSION

The company`s overall position is at a good position. Particularly the current year`s position is well due to raise in the profit level from the last year position . it is better for the organization to diversify the funds to different sectors in the present market scenario.

The study undertaken has brought into the light of following conclusions.This study develops and empirically tests a number of methods of analyzing financial ratios to predict “Lanco power ltd” success or loss

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ANEXTURE

Consolidated Balance Sheet as at March 31, 2019

(₹ in Crore)

Particulars	Note	As at March 31, 2019		As at March 31, 2018	
A. ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	3a		2887.39		2981.90
(b) Capital work-in-progress	3b		223.21		194.53
(c) Intangible assets	4a		83.07		91.31
(d) Intangible assets under development	4b		12.23		8.23
(e) Investment accounted for using equity method	5		149.42		409.05
(f) Financial assets					
(i) Investments	5a	2.94		19.92	
(ii) Trade receivables	6	3935.09		3438.55	
(iii) Loans	7	82.82		84.28	
(iv) Other financial assets	8	-	4020.85	0.02	3542.77
(g) Deferred tax assets (net of liabilities)	9		3522.61		3632.43
(h) Other non-current assets	10		14671.78		10470.22
Total non-current assets			25570.56		21330.44
2 Current assets					
(a) Inventories	11		8116.24		6263.15
(b) Financial assets					
(i) Trade receivables	12	12011.92		14064.68	
(ii) Cash and cash equivalents	13a	795.74		2768.81	
(iii) Bank balances other than cash and cash equivalents	13b	6707.80		8407.47	
(iv) Loans	14	157.71		144.39	
(v) Other financial assets	15	165.40	19838.57	153.26	25538.61
(c) Current tax assets (net)	16		-		222.94
(d) Other current assets	17		10393.90		10118.47
Total current assets			38348.71		42143.17
TOTAL ASSETS			63919.27		63473.61
B. EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity share capital	18		696.41		734.28
(b) Other equity	18a		30175.97		31600.71
			30872.38		32334.99
Non-controlling interests			(6.73)		(4.05)
Total equity			30865.66		32330.94

Consolidated Balance Sheet as at March 31, 2019

(₹ in Crore)

Particulars	Note	As at March 31, 2019		As at March 31, 2018	
Liabilities					
(2) Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	95.45		57.18	
(ii) Trade payables	20				
(i) Total outstanding dues of micro enterprises and small enterprises		-		-	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		702.87		481.75	
(iii) Other financial liabilities	21	91.29	889.61	114.41	653.34
(b) Provisions	22		5467.43		4984.89
(c) Other non-current liabilities	23		3615.88		3636.68
Total non-current liabilities			9972.92		9274.91
(3) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	24	2470.11		10.28	
(ii) Trade payables	25				
(i) Total outstanding dues of micro enterprises and small enterprises		361.17		283.96	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		11019.81		10305.29	
(iii) Other financial liabilities	26	2070.24	15921.33	2271.38	12870.91
(b) Provisions	27		2488.94		3729.30
(c) Current tax liabilities (net)	16		91.34		-
(d) Other current liabilities	28		4579.08		5267.55
Total current liabilities			23080.69		21867.76
Total liabilities			33053.61		31142.67
TOTAL EQUITY AND LIABILITIES			63919.27		63473.61
Basis of preparation, measurement and significant accounting policies	2				

The accompanying notes are an integral part of these financial statements