

Impact Of Ratio Analysis on Financial Performance in Royal Enfield (Bhavani Motors) Bidar

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Abstract- *The first chapter of the project report, the basic information regarding the industry like industry major players, industry competitiveness and their products. The second chapter consist data regarding company profile, like vision, mission, quality policy and its products. Information collected from both primary and secondary sources. Third chapter tells about the conceptual background it comprises information regarding capital budgeting, and literature review. In while chapter four will give information about research design like type research methodology used, method used for data collection and also limitation. Chapter fourth comprises data analysis and interpretation in which financial statement of the company is analyzed by using various ratios. And last chapter will tells about Findings, Suggestion and conclusion regarding the project.*

I. INTRODUCTION

My project report is on the topic “Impact of Ratio Analysis on Financial Performance in Royal Enfield (Bhavani Motors).” I successfully completed my project in Bhavani Motors. The very first day I turn out to be apprehensive because it changed into my first operating experience, but my internal guide Dr. Ashwinkumar helped me to come out from all the hesitation and worry, it helped me to research some new abilities. It became an unforgettable moment, I felt it was wholesome working surroundings, greater over I learnt a lot from this task.

1.1 INDUSTRY PROFILE

Regal Enfield Ltd. Is among the most fundamental exporter associated with wheels with Eicher vehicles within the red ditch business from Regal Enfield making the wide assortment associated with current wheels. The particular 350CC Bird plus Thunder conventional manufacturers save to overwhelm bike

cycles within India using the complete best degree phases.

The Royal Enfield Institution is amongst the best ten mechanical organization houses in India. Extends about various businesses, pivoting engines (wheels), bike extra items, wallets, plus clothing, journey things. The gathering's innovator venture, Royal Enfield is positioned since the greatest wheel producer within the space and it has non-hinder fabricating within the Royal Enfield brand name recognized in several Latin countries upon the USS, central East Africa, Southern Asia as well as the Southeast. The association grew to become established in 1901, plus the company continues to be exceptionally well recognized truly seeing that will. Trustworthiness, assurance, creativeness and assurance in order to be victorious may be a component associated with the enterprise these types of days, frequently adopted got back through birth to interminable commitment for simply no undeniable thought procedure, Founders Albert Eadie and Robert Walker Smith within the organization, again have grown to be the close by trust in addition to became undergrads inside the organization.

The brand called Royal Enfield underneath which constrained of Redditch, Worcestershire sell their automobiles, bicycles and engines that are they produce. Enfield Cycles Company extensively utilized the emblem call Enfield without Royal.

ENTERPRISE: Motor Cycles, Bicycles, Lawnmowers, motors.

FOUNDER: Albert Eadie and Robert Walker Smith.

PRODUCTS: Royal Enfield clipper, Crusader, Bullet, Interceptor, WD/RE, first-rate Meteor.

HEADQUARTERS: Redditch, United Kingdom, England.

Inside SUDARAMIYER in 1953 added Royal Enfield inside India. Illustrious Enfield made available from

ways of Eicher vehicles inside 1955. The Redditch business endeavor joined up with forces with Écharpe Motors fit being a fiddle "Enfield India" to gather under permit, the Noble Enfield 350CC Bulletproof Motorcycle in Écharpe.

In 1891 Ur. W. Smith in addition to Albert Eadie presumed control of the Townsend Cycle business office in Redditch, Great Britain. Before long, using the introducing exactness equipment pieces to typically the Royal Enfield tiny finger creation herb in Enfield, Middlesex. The work changed directly into changed to a small Enfield creation employer. The most expert bike seal :.. In non : thwart creation 1893 Enfield fabricating Limited. Have grown to be Royal Enfield - 'Imperial' grew to become obtained from the Regal little arms organization. Brands 'made such as a firearm' possess been presented. Within 1989, R. Watts. Smith planned a model engine vehicle, the 4 - wheeled bike alluded in order to as a quadric cycle. Utilizing the shut device one ½ HP Sobre Dion. Imperial Enfield entered the overall game associated with Moto, anyway each rectangular cycle joined the Thousand Mile Trials in 1900. The event disclosed a major impact at the British about the potential outcomes of engine transporting.

1.2 COMPANY PROFILE

BACK GROUND:

Regal Enfield bicycles were sold in India for the explanation that 1949. In 1955, Indian specialists searched for fitting cruisers for police and the military to use for watching the U. S. Boundary. The projectile became settled on to be the most extreme appropriate engine for the test. At Indian specialists requested 800 Bullets of the 350cc model, a sensibly enormous request for the time. In 1955, the Redditch association converged with Madras engines in India to frame "Enfield India" to amass, under a license, the Royal Enfield Bullet 350cc bikes in Madras (presently known as Chennai).

The Indian guideline, a Madras diagrams numerous individual (more prominent than half) in big business offers. In 1957 tooling device changed into offered to Enfield India all so as to plan the segment.

Enfield of India kept on conveying Bullets in mass after the monetary catastrophe of the British creation plant, and changed the sign to 'Illustrious Enfield' in 1999. The name 'Imperial Enfield' and rights have been purchased with the assistance of Matt Holder and Aerco Jigs and moved, discounted for money related harms in 1967. Working an endeavor is delivered immediately into his, David hoder, the association of bike Velocette Birmingham, joined the specialists. The Holder own family has been setting aside money for Royal Enfield bicycles continually from 1967 to the main, anyway on the particular time they had been not offered below the Royal Enfield call. Despite the particular fact that Jesse Holder protested making use of 'Regal Enfield' along with Enfield's help through India, British legal courts have been existing to pick the Indian native boss, which experienced now acquired the particular brand name, plus acquainted the easy riding bike with Royal Enfield.

Imperial Enfield Indian produces and offers in India, plus furthermore fares in order to Europe just because the usa, South The african continent and Australia. These days it's miles obtaining into the Indonesian market. As associated with late Royal Enfield went through the considerable retooling in most cases in the motor department which utilizes almost all modes, with Digital Fuel Injection (EFI) accessible in finest head 500cc types. The important thing rearrange motivated a name with regard to an engine that will Royal Enfield began changing over several times all via the existence associated with the plant.

That kicks off in august 2015, Royal Enfield Cars reported it would build up the key command in The united states and conclusion up being a seller in Milwaukee, wisconsin, Wisconsin, with the goal that you can supply 3 bicycles, the Principal points 500cc and Ls GT 535 Kaffeehaus Racer given that they understood the elements of these motors collectively of laborers. That is bounty less. Market. The supplier could be the Royal Enfield enterprise's first keep inside the U. S., as per police, the leader of Royal Enfield North United States.

II. THEORETICAL BACKGROUND

The effect of money associated execution proportion analysis is a technique of finding out the particular

monetary qualities plus shortcomings of the business through coping with the particular great dating one of the stableness sheet device and the spend and misfortune accounts. This too permits the particular quick - period span and lengthy - term features and development in order to be perceived via monetary investigation. The particular assessment of financial execution is completed with the aid of considering the financial announcements that will be particularly the solidness sheet of the particular organization. Assessment associated with money related in most cases execution grants to get the monetary capacity from the venture just because gauges around predetermination modes. Money associated execution investigation transformed into did the particular utilization of percentage examination, near assure, standard degree assure and pattern evaluation.

The considerable reason behind the affect associated with monetary execution percentage investigation is in order to find the state associated with the art monetary or money related situation of the office. Financial circumstances envelop benefit, working capital, discounts, investors 'discounts, difference of present steadiness sheets and obligations of last income and misfortunes subsequent to learning of changes inside the favored by and large execution of the undertaking,.

III. STATEMENT OF THE PROBLEM

A study on the impact of ratio analysis on financial performance of Royal Enfield for the financial year 2018-19 to 2020-21.

The study on impact of ratio analysis on financial performance basically involves analysis of the financial performance of the company. The ratio analysis is made on the financial statements i.e. Profit and Loss account and Balance sheet.

3.1 NEED AND IMPORTANCE OF THE STUDY

The various need and importance of the study are as follows:

- To find out the strength and weakness of company: t's miles very critical to realize the organization financial energy and weak spot. The weak point ought to be specially taken into consideration and need to be analyzed nicely.
- To forecast the future value of the company: the

effect of ratio evaluation on economic overall performance allows the agency to forecast its future fee.

- To make investment decisions: the organization can take investment selections if the employer has extra profit or finances in its fingers and growth earnings.
- To make decisions on market expansions: the financial overall performance analysis enables the company to realize its present day function and may make choices of market enlargement and entice greater clients.
- To access the factors influencing the financial performance of the firm: The elements which impact the economic performance are studied so that the agency can deal with them and take various monetary choices.

3.2 OBJECTIVES OF THE STUDY

The various objective of the study are as follows:

- Study and examine the economic performance of Royal Enfield.
- To observe the running capital management of the company.
- To analyze the economic modifications over a duration of three years.
- To evaluate the economic position of the company in terms of Solvency, Profitability, pastime and earnings ratios.

3.3 SCOPE OF THE STUDY:

Impact of ratio evaluation on financial performance is primarily based on line items in financial statements like the stability sheet, income assertion and cash waft declaration. Ratio evaluation is used to evaluate various aspects of a employer's running and economic overall performance including its performance, liquidity, profitability and solvency.

The observe will assist to utilize the operating capital of the organization desires to growth productiveness and the long-time solvency position of the company and to enlarge the company. The have a look at will assist to gain sufficient earnings.

3.4 RESEARCH AND METHODOLOGY

- 1) Primary Data

Quantitative methodology stresses goal measurement and truthful, numerical, or numerical examination of information assembled by means of surveys, polls, and studies, or with valuable property for controlling pre-prize factual insights the utilization of computational methods. Quantitative examinations is very for social event mathematical records and summing up in human associations or providing intentions in chose marvels.2) Secondary

Data

The secondary data are statistics are collected from data that's utilized by other. It is not direct statistics. This fact is already accrued and evaluation by using different and those facts is utilized by others. The secondary data collected from following:-

- Company's annual report (Balance sheet, Profit and Loss Account)
- Newspaper, Magazines
- Company's website.

3.5 TOOLS USED IN ANALYSIS

The tools used in the analysis of financial performance of Royal Enfield are as follows:

- Comparative balance sheet: Comparative dependability linens are helpful for breaking down and contrasting an organization's money related capacity over some of years. A relative resource report assessment is the comment of patterns in comparison contraptions, gatherings of things, and devices determined at or over the authoritative soundness of the indistinguishable business organization on various times. Alterations inside the thing of the spotty strength sheet reflection the developments of the office. These types of adjustments might be found through the appraisal of the strength sheet towards the beginning and throughout the phrase of the length and the trade can assist with framing an assessment on the improvement of the association.
- Comparative income statement: A comparative earnings announcement is a declaration organized to evaluate the various gadgets of the earnings declaration of the exclusive intervals and to envision the changes, i.e., the increases or decreases which have taken region inside the gadgets of profits statements from one period to

every other. in the comparative income statement, the figures of sales and charges for the contemporary length and previous duration are given.

- Trend analysis: his 'patterns' converse with a stronghold and the assessment and design appraisal of bookkeeping factors is nothing anyway style examination. Pattern evaluation is done with the guide of figuring the setting proportion. Assessment of patterns is fantastic for estimating and planning. Pattern assessment tells on the other hand around monetary and real factors that exist during a chose size.
- Ratio analysis: Ratio assessment is a quantitative evaluation of the information contained in an undertaking's financial statements. The proportion evaluation is essentially founded on line objects in the monetary details like soundness linens, profit announcements and money glide statements. Proportion appraisal is utilized to assess different components of running and financial execution which includes generally execution, fluid, benefit and solvitas.

The Ratio Analysis Include:

- Profitability ratio
- Turnover ratio
- Solvency or financial ratio

IV. RATIO ANALYSIS

Meaning

Portion assessment is a new fundamental monetary exploration strategy. This can be a approach for passing common sense on the funds related wellness regarding a venture relationship. This decides in addition to deciphers the fluidity, dissolvability, productivity and also a greater amount regarding the business enterprise organization.

- It truly is clear to be able to capture different statistics inside financial rotules by the application of diverse proportions. The portion of money connected Bromwich, sum upward, and set in energy bookkeeping figures are usually demonstrated within the financial reports.
- Along with the help associated with proportionate examinations, contacts of efficiency plus money related sufficiency may be made amongst

enterprises and various businesses. In addition, contacts of current day year figures can similarly be made along with past years by using offer examination and when thin spots are usually noticed, remedial steps are taken in order to address the problems.

- When the bookkeeping proportion is decided above various years, that will show features in costs, bargains, pay and additional indispensable data. These kinds of advancements are beneficial for arranging.

PROFIT AND LOSS ACCOUNT OF ROYAL ENFIELD MOTORS

COMPARITIVE PROFIT AND LOSS ACCOUNT			
PARTICULAR	In.Rs.Cr.		
	MAR-20	MAR-19	MAR-18
	12 Months	12 Months	12 Months
Income			
Sales Turnover	9,077.47	9,794.48	9,211.81
Excise Duty	0.00	0.00	254.30
Net Sales	9,077.47	9,794.48	8,957.51
Other Income	615.15	489.61	19.31
Stock Adjustments	-110.35	198.46	31.47
Total Income	9,582.27	10,482.55	9,008.29
Expenditure			
Raw Materials	5,031.69	5,430.74	4,819.67
Power & Fuel Cost	62.82	66.89	52.37
Employee Cost	765.12	679.53	547.86
Selling and Admin Expenses	14.12	26.11	11.84
Miscellaneous Expenses	889.59	845.29	704.04
Total Expenses	6,763.34	7,048.56	6,135.78
Operating Profit	2,203.78	2,944.38	2,853.20
PBDIT	2,818.93	3,433.99	2,872.51
Interest	10.86	2.99	3.04
PBDT	2,808.07	3,431.00	2,869.47
Depreciation	377.92	298.93	222.34
Profit Before Tax	2,430.15	3,132.07	2,647.13
PBT (Post Extra-ord Items)	2,430.15	3,132.07	2,647.13
Tax	526.52	1,078.54	935.36
Reported Net Profit	1,903.82	2,054.44	1,712.91
Total Value Addition	1,731.65	1,617.82	1,316.11
Equity Dividend	682.43	299.93	317.12
Corporate Dividend Tax	126.30	48.23	0.00
Per share data (annualised)			
Shares in issue (lakhs)	273.05	272.83	272.56
Earning Per Share (Rs)	697.25	753.02	628.46

Table: 4.1 Table showing Profit and Loss account.

FINANCIAL RATIO ANALYSIS OF ROYAL ENFIELD MOTORS

FINANCIAL RATIO ANALYSIS			
PARTICULAR	MAR-20	MAR-19	MAR-18
Investment Valuation Ratios			
Face Value	10.00	10.00	10.00
Dividend Per Share	-	-	-
Operating Profit Per Share (Rs)	798.53	1,064.09	1,030.11
Net Operating Profit Per Share (Rs)	3,352.40	3,590.96	3,289.22
Free Reserves Per Share (Rs)	-	-	-
Bonus in Equity Capital	-	-	-
Profitability Ratios			
Operating Profit Margin(%)	23.81	29.63	31.31
Profit Before Interest And Tax Margin(%)	18.55	25.41	27.95
Gross Profit Margin(%)	19.65	26.56	28.82
Cash Profit Margin(%)	22.45	22.09	23.21
Adjusted Cash Margin(%)	22.45	22.09	23.21
Net Profit Margin(%)	19.96	22.48	21.85
Adjusted Net Profit Margin(%)	18.84	21.51	21.19
Return On Capital Employed(%)	23.13	33.45	39.88
Return On Net Worth(%)	18.30	24.69	27.87
Adjusted Return on Net Worth(%)	17.99	21.99	27.35
Return on Assets Excluding Revaluations	3,655.41	3,269.02	2,579.32
Return on Assets Including Revaluations	3,655.41	3,269.02	2,579.32
Return on Long Term Funds(%)	23.46	34.15	40.74
Liquidity And Solvency Ratios			
Current Ratio	1.53	1.56	0.85
Quick Ratio	1.48	1.54	0.73
Debt Equity Ratio	0.01	0.02	0.02
Long Term Debt Equity Ratio	-	-	-
Debt Coverage Ratios			
Interest Cover	124.05	415.58	536.41
Total Debt to Owners Fund	0.01	0.02	0.02
Financial Charges Coverage Ratio	144.26	456.55	578.23
Financial Charges Coverage Ratio PostTax	118.00	342.47	409.80
Management Efficiency Ratios			
Inventory Turnover Ratio	15.99	15.47	23.36
Debtors Turnover Ratio	107.03	128.66	151.90

Investments Turnover Ratio	0.90	1.08	23.36
Fixed Assets Turnover Ratio	2.78	3.90	4.36
Total Assets Turnover Ratio	0.92	1.10	1.26
Asset Turnover Ratio	0.95	1.20	1.42
Average Raw Material Holding	-	-	-
Average Finished Goods Held	-	-	-
Number of Days In Working Capital	61.28	62.45	-21.32
Profit & Loss Account Ratios			
Material Cost Composition	55.36	55.49	53.83
Imported Composition of Raw Materials Consumed	-	-	-
Selling Distribution Cost Composition	0.23	0.30	0.18
Expenses as Composition of Total Sales	-	-	-
Cash Flow Indicator Ratios			
Dividend Payout Ratio Net Profit	45.01	16.41	16.71
Dividend Payout Ratio Cash Profit	37.24	14.44	15.00
Earning Retention Ratio	54.19	81.57	82.97
Cash Earning Retention Ratio	62.22	84.02	84.74
Adjusted Cash Flow Times	0.07	0.08	0.07
Earnings Per Share	697.25	753.02	628.46
Book Value	3,030.75	2,612.09	1,971.06

Table: 4.2 Table showing financial ratio analysis.

1. PROFIT MARGIN RATIO:

The overall income extent is furthermore called the advantage through exchange extent or even the gross spend extent, which will be the usefulness discuss that goes about because a proportion associated with the whole spend acquired with every dollar of knowing made in appraisal towards the endeavor's complete compensation and trades. From the day's finish, the amount of income with regard to the most component shows the level of exchanges that will stay after this particular is paid with regard to with the manual of the starting.

Banks and sellers use this percentage to degree exactly how accurately a company can change more than pay into internet benefits. Financial backers need to make sure income are adequate to disseminate earnings even

as banking institutions need to make sure the association offers sufficient income in order to look after the enhance.

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

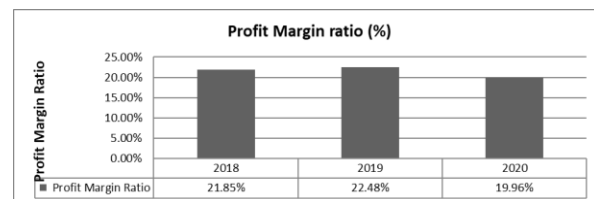


Figure 4.1 Graph showing “Profit Margin Ratio”

Interpretation:

As with the particular outline above, all of us will infer

that will functioning edge will certainly increment in 2019 yet diminishes inside 2020. A boost in working border approach that profit could possibly be extended any time contrasted with 2018.

2. TOTAL ASSET TURNOVER RATIO:

Typically, the percentage of resource yield will be the level regarding information under upwards on a company capacity to help to make exchanges from options as opposed with web exchanges and typical total sources. Inside liked, this level recommends how successful a connection can employ sources to help to make exchanges.

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

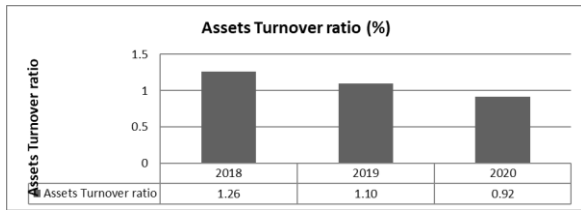


Figure 4.2 Graph showing “Total Asset Turnover Ratio”

Interpretation:

Coming from the above portion, you will say of which the proportion inside 2020 is 0.92, assuming typically the property are extremely old, I may cure the deterioration, and then, at that time the yield is far more prominent. Coming from the diagram previously mentioned, we will notice that all yr typically the resource turnover percentage increments continuously. Within 2018 it grew to become 1.26 incidences that. We are able to state that the spend of the business will expand in contrast with the complete resources. Thus, organizations use things all the more effectively to create benefits from pay.

3. OPERATING PROFIT RATIO:

The level of running pay, known as business profit pay is the extent of efficiency that follows up in general income stage made through work compensation. All things considered, the level of difficult work can suggest how a decent arrangement pay after every factor or work cost has been paid. Once more, this rate alludes to the measure of income that might be gotten to cover unused charges which incorporate revenue

costs.

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

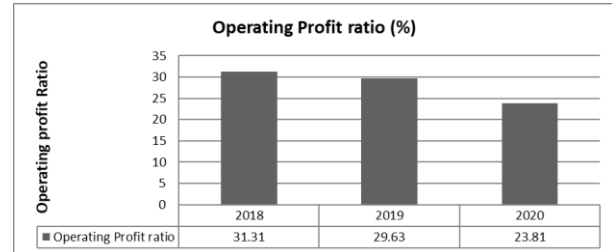


Figure 4.3 Graph showing “Operating Profit Ratio”

Interpretation:

The proportion estimates the relationship among overall gain and pay of an association that does exclude the benefits of different organizations. The functioning profit proportion alludes to the limit of the board to run the exhibition of the venture. From the graph above, running pay in 2018 is 31.31% in 2019 down 29.63% to 23.81% in 2020. So my proportion is expedient.

4. CURRENT RATIO:

The current rate is the level of fluid and viability under up on the association's capability to meet brief obligations with current day resources. The current day share is an enormous extent of liquidity as a result of fact brief obligations are normal inside the following annually.

This particular methodology that the business has handled chance to add property to pay for its duties. Present assets like cash, cash colleagues and reasonable security can unmistakably be changed into cash for a while. This technique that organizations with more present day resource measures can meet state of the art obligations skillfully even as not getting sell-offs to make long-term period assets.

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

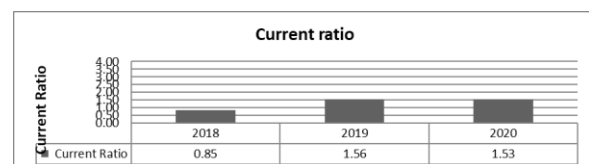


Figure 4.4 Graph showing “Current Ratio”

Interpretation:

The particular liked for the cutting-edge percentage is 2: 1, that is comparative to this season, the business has zero. 85: 1 which proposes that for every Rs 1 of current liabilities, the association has present day property of Rs. 0. 60. For 2019, the office has 1. 56: 1 which shows that for each R. 1 of contemporary liabilities, the association has contemporary resources of Rs. 1. 56. This way the organization has a superior state of the art proportion in 2019 and in 2020 in contrast with 2018.

5. QUICK RATIO OR ACID TEST RATIO:

The Quick Ratio or Acid check proportion is a liquidity proportion that actions an office's capacity to pay its current day obligations on the off chance that it handiest has brief property. Moment property are contemporary resources that can be changed over into coins inside ninety days or inside the speedy term. Money, cash counterparts, short - term speculations or attractive protections and receivables are really thought about moment property.

$$\text{Quick ratio} = \frac{\text{Quick Assets}}{\text{Total Liabilities}}$$

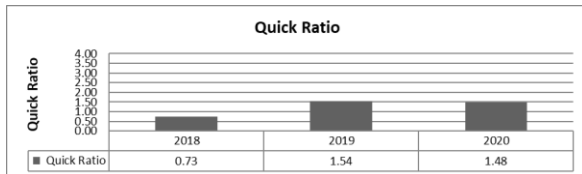


Figure 4.5 Graph showing “Quick Ratio”

Interpretation:

By 2020, 2019 the organization has a concise proportion of 1. 48 and 1. 54 this is more prominent than 1 technique the association has short property to pay its advanced commitments.

6. DEBT TO EQUITY RATIO:

Obligation to value is a portion of financial liquidity that examines the entirety of a business' duties to highlight cost. Worth extent obligations examine with a business venture's degree of financing got from contract managers and monetary patrons. Greater expense share duties suggest that more prominent

FICO rating financing (monetary organization credits) is utilized than monetary help (financial backers).

$$\text{Debt to equity ratio} = \frac{\text{Secured loans} + \text{Unsecured loans}}{\text{Shareholder's Equity}}$$

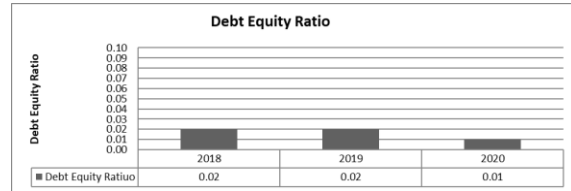


Figure 4.6 Graph showing “Debt to Equity Ratio”

Interpretation:

From the diagram above, we can see that obligation with reasonableness is down in 2020 when contrasted with 2019 and 2018.

7. INVENTORY TURNOVER RATIO:

The level of stock or stock turnover is the level of ability that shows whether the achievement of a stock is observed with the guide of the expense of differentiating the item sold and the customary stock throughout the long term. This development is the way habitually a standard stock is "developed to become on" or purchased throughout some undefined time frame.

This offer is significant in light of the way that total turnover relies upon fundamental sections of execution. The essential area is stock looking for. On the off chance that no more noteworthy stocks are purchased all as the year progressed, the venture need to give more prominent stocks that permits you to be fit for make a turnover. In the event that an office can't sell those more noteworthy vital stock measures, it will achieve stock charges and other keeping costs.

$$\text{Inventory turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

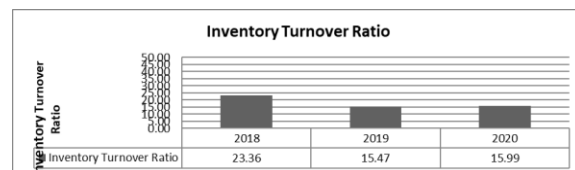


Figure 4.7 Graph showing “Inventory Turnover

Ratio”

Interpretation:

As per the diagram above, we will say that the rate turnover level of my office is decreased, demonstrating a lower rate turnover share. This implies indications of over-burden that could be risky from an old nature and increment the cost of holding shares.

8. DEBTOR’S TURNOVER RATIO:

The obligation turnover proportion is the association among web deals and normal obligation. This is moreover alluded to as the record receivable turnover proportion. The proportion of yield that owed packages approach the undertaking rapidly gather money or convert into coins and the fine of the association's obligation is acceptable. A lower borrower turnover portion demonstrates the business venture isn't continually getting cash as speedy as it wants to.

$$\text{Debtor's turnover ratio} = \frac{\text{Net Credit Sales}}{\text{Average Debtors}}$$

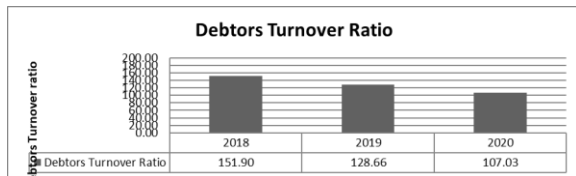


Figure 4.8 Graph showing “Debtor’s Turnover Ratio”

Interpretation:

The outline above shows that the borrower turnover proportion in 2018 changed into at 151. 90 then after the decay. This technique the association isn't getting cash as quick as it wishes to.

9. RETURN ON ASSETS RATIO (ROA):

The take advantage of the portion of resources, ordinarily considered the capitalize on complete sources, is the portion of efficiency that goes about as the absolute reimbursement outfitted via all assets at some stage in a span by separating income from every single typical asset. With everything taken into account, profit from a level of resources or ROA expect how proficiently an enterprise can control sources to produce pay all through that length.

$$\text{Return on Assets ratio} = \frac{\text{Net Profit}}{\text{Average Total Assets}}$$

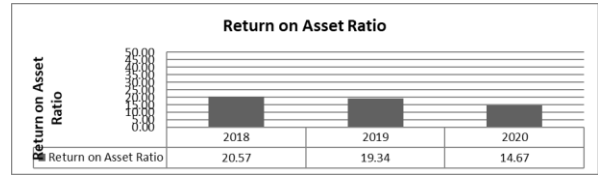


Figure 4.9 Graph showing “Return on Assets Ratio”

Interpretation:

The diagram above shows that the decrease in resource yield from 2018 to 2020 is gradually declining. Thus, this demonstrates that the income of the business are ordinarily down.

10. RETURN ON EQUITY RATIO (ROE):

The revenue from value portion or ROE is a pay portion that actions the ability of any relationship to produce income from Shareholders 'interests in the corporation. In several expressions, value returns look for exhortation from the income in synchronize with greenback of no surprise stock value yields.

The reasonableness proportion is also an indication of ways effectively control makes use of the asset's decency to subsidize the business undertaking's duties and blast.

Return on Equity ratio

$$= \frac{\text{Net Profit}}{\text{Average Share Holders Equity}}$$

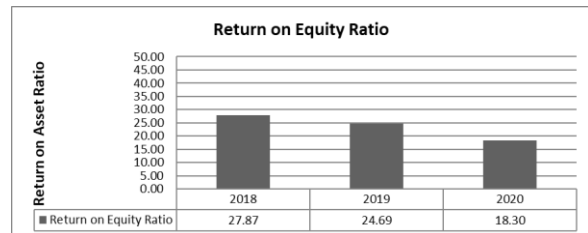


Figure 4.10 Graph showing “Return on Equity Ratio”

Interpretation:

As we might find inside the chart the return of the decency portion is down in 2019 and 2020 contrasted with 2018. This way that associations are not the utilization of Share Holder resources to produce undertaking benefits and promote their business.

11. INTEREST COVERAGE RATIO:

The eye protection portion is a financial proportion that steps a business' capacity to manage their cash owed as scheduled. In contrast to the extent of managerial consideration of obligations, this stage of liquidity certainly doesn't have the alternative of producing principle portions about genuine obligations. Everything being same, it may determine the capability of the Company to gratify the costs of such responsibilities.

$$\text{Interest coverage ratio} = \frac{\text{Profit before interest and tax}}{\text{Interest Expenses}}$$

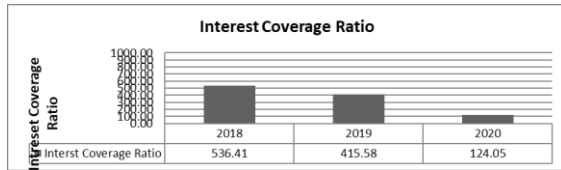


Figure 4.11 Graph showing “Interest Coverage Ratio”

Interpretation:

Through the picture above, we can say that through 2020, the part of interest incorporations brings down scarcely. This particular exhibits that the little pay utilized can be gotten to diminish benefits and that the office doesn't have the energy to adjust to unsafe getting costs.

12. EARNING PER SHARE:

Income in sync with rate which is additionally called web pay in sync with extent is the marketplace prospect proportion that actions the amount of web pay with regards to extent of energetic stock. In different expressions, this is actually the determine of money expected with extent in order to get the entirety of the income apportioned to the offers which come away on the complete of the a year.

$$\text{Earning per share} = \frac{\text{PAT} - \text{Preffered Dividend}}{\text{No. of Equity Share Holders}}$$

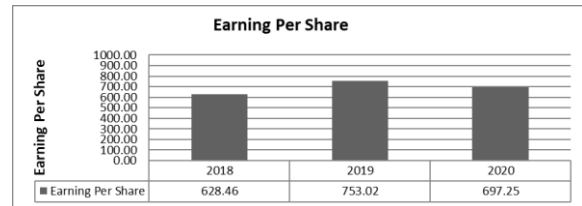


Figure 4.12 Graph showing “Earning Per Share”

Interpretation:

Through the diagram above, we can infer that the percentage in 2019 is 753. 02 which is better in contrast with 2020 and 2018. This particular methodology that agents are extremely pleased to make speculations inside the effort, so the relationship can without issues raise value range from the market.

V. FINDINGS

Comparative Statement and Trend Analysis		Ratio Analysis
Balance Sheet	Profit and Loss Account	
There is an increase in the value of share capital but decrease in 2020.	There is an increase in the value of cost of revenue every year.	The net profit ratio is fluctuating in all the three years.
There is an increase in the value of non- current liabilities (Long term borrowings and other long term liabilities).	There is an increase in the value of operating revenue, but the value has decreased in the year 2020.	There is an increase in quick ratio and current ratio in 2019 but the ratio has decreased in the year 2020.
The values of Fixed Assets are increasing every year.	The net profit is increasing but the value has decreased in the year 2020.	There is a decrease in solvency ratio
There is also increase in the value of current assets from the past three years.	The Earning per Share value is fluctuating in all the three years.	There is an increase in cash position ratio in the past three years.

Table: 5.1 Table showing Findings.

VI. SUGGESTIONS AND RECOMMENDATIONS

- Companies need to carry to put out coordinated attempts to build up their administration stages and lift corporate well worth.
- Companies should endeavor to make fabricating and communicate designs to see best item price and conveyance and grow their worth cycle to offer an inference of buyer organizations in each US ALL and area.
- Companies need to keep an efficient design with the guide of decreasing regular charges and establishing venture in snared markets.
- Through the reduction of fixed costs and enhance its business in established markets.
- The company could give their loyal and a regular customer with membership offers to retain customers.
- The company should take more initiative to improve in quick assets and quick liabilities of quick ratio.
- The company should provide better career opportunities for the retention of its potential advisors.
- The working capital, current resources and current liabilities ought to be all around over saw with the goal that the organization grows to an ever increasing extent.

CONCLUSION

The study was under taken for the “Impact of Ratio Analysis on Financial Performance in Royal Enfield ” the tools used for the study as ratio analysis, comparative statement and ratio analysis were used to find out the efficiency and effectiveness of the company. Analyzing and interpretation of financial analysis is an important tool in assessing company’s performance. It reveals the strength and weakness of the firm. Through the research, it can be apparent that the situation of the general organization is at a phenomenal job. The partnership has made full-size income in current years. The working money of the undertaking should be employed to produce the effectiveness and job of the business enterprise venture that can be split up is splendid. The corporation keeps up with unnecessary liquidity to

make a revenue. The undertaking retains up with the enormous design and 2019-20 is a useful a year for the business undertaking.

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